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NEWS SUMMARY

GENERAL

Transport hit by heavy snowfall

Heavy snow seriously disrupted rail, road and air transport in England and Wales. Commuter rail services into London were particularly badly hit.

Thousands of passengers were delayed at Heathrow airport and some domestic and European flights were cancelled. Speed limits were imposed on motorways.

The London Weather Centre said more snow was expected to fall in the next three days "at any time and anywhere." Weather, Back Page

Greek PM defiant

Greek Premier Andreas Papandreou said his country's return last year to full membership of the Nato alliance was "politically and militarily unacceptable to the new Greek Government." Back Page

Danish SDP hit

Denmark's ruling Social Democrats lost substantial support in the general election, according to an early forecast. The Conservatives' share of the vote was predicted to rise slightly.

CIA hijack claim

Libya said the hijackers of a Libyan airliner on Monday were working for the CIA as part of an anti-Libyan plot. The Boeing 727, with at least 38 hostages, landed last night in Beirut.

Two of the three Venezuelan airliners hijacked in a separate incident landed in Havana.

Escape to West

A bricklayer fled from East to West Germany by driving a truck through the border fence at a motorway construction site.

Gift for Poland

EEC governments will send Poland a Christmas gift of 8,000 tonnes of beef, worth about £5.5m.

Palace 'concern'

Newspaper editors invited to Buckingham Palace were told of Royal concern over photographic coverage of the private life of the Princess of Wales.

Train jumps rails

An Inter-City train with 80 passengers jumped the rails and plunged down an embankment in north Yorkshire. One man was seriously hurt and several detained in hospital.

Cargo ship blaze

One man is missing and two were injured after a fire in a 5,700 tonne cargo ship in the English Channel. Twenty-eight crewmen were rescued.

Warders lift ban

Warders at Manchester's Strangeways jail lifted a ban on admitting remand prisoners after demands for better visiting arrangements were met.

Shopper shot

Turin, paramilitary police shot and fatally wounded a shopper as he reached for his identity card at a road block.

Passenger strain

Unforeseen large numbers of passengers using the Tyne and Wear Metro have brought problems for the area's new integrated transport system. Page 8

Briefly ...

Five Britons and two Americans completed the first Atlantic crossing by sailboard.

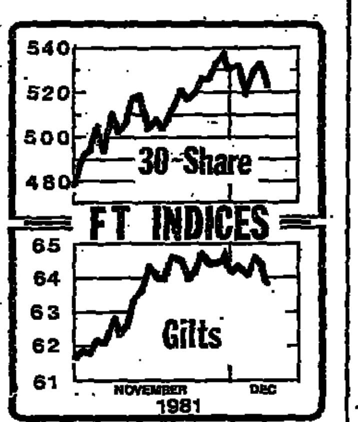
Cambridge beat Oxford 9-6 in the Varsity rugby match at Twickenham.

BUSINESS

Equities off 11.8; setback for gilts

● EQUITIES fell—early interest was curtailed by the bad weather conditions, but the absence of buyers soon became noticable. News from the miners' union exacerbated a drab day. The FT 30-share index closed 11.8 down at the day's lowest of 521.7. Page 40

● GILTS suffered a further setback, reflecting the continuing lack of investment funds. The Government Securities index lost 0.44 to 63.87. Page 40



● WALL STREET was off 5.43 at 881.56 near the close. Page 32

● STERLING trade-weighted index fell to 91.7 (91.9). It lost 90 points to $1.927, and eased to DM 4.335 (DM 4.3375), and Y419.5 (Y421). It improved to FFr 10.94 (FFr 10.925) and SwFr 3.5175 (SwFr 3.495). Page 30

● DOLLAR trade-weighted index rose to 106.5 (105.8). It improved to DM 2.249 (DM 2.2395), FFr 5.6775 (FFr 5.645), SwFr 1.824 (SwFr 1.805) and Y217.75 (Y217.5). Page 30

● GOLD rose $2 to $418.5 in London. In New York the Comex December close was $410.5. Page 30

● ROLLS-ROYCE factories in Derby and Scotland will lose jobs following Lockheed's decision to stop making the TriStar airliner. Back Page

● METRO-CAMMELL, Birmingham railway car maker, announced overseas contracts worth £70m. Back Page

● KAISER STEEL of the U.S. received an offer from its workforce to buy out the company.

● McLOUTH STEEL, tenth largest U.S. steel maker, filed for bankruptcy. Page 27

● SAMUEL MONTAGU and Swedish brokerage house Carnegie Investment are to form Sweden's first merchant bank. Page 27

● DEUTSCHE BANK of West Germany reported a 20 per cent increase in profits for the first 10 months of the year. Page 28

● INCHAPE BERHAD, Malaysian offshoot of international trading and shipping group Inchape, sold its Toyota assembly and distribution business for £31m. Back Page

● TRAFALGAR HOUSE saw taxable profits rise to £55m (£49.07m) for the year ending September. Page 19; Lex, Back Page

● BASS, brewing and leisure group, expanded taxable profits from £113.5m to £133.2m for the year ended September. Page 25; Lex, Back Page

● CABLE AND WIRELESS advanced pre-tax profits from £27.25m to £45.58m for the six months to September 30. Page 18; Lex, Back Page

● MATTHEW BROWN, brewers, plans a £4.65m rights issue. The group reported pre-tax profits of £5.04m for the 53 weeks to October 3, against £4.05m. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Coalite	107	− 4
Alpine Hldgs	48	+ 4	Distillers	183	− 9
Firth (G. M.)	198	+ 8	European Ferries	73	− 5
GR Hldgs	210	+ 15	Fisons	135	− 7
Lon Ovs Freighters	53	+ 12	General Accident	334	− 8
Marling Inds	31	+ 2½	Grand Metropolitan	180	− 6
Mitchell Somers	43	+ 4	GKN	164	− 5
Polly Peck	375	+ 12	ICI	288	− 8
Rolfe and Nolan	55	+ 7	Inchcape	282	− 15
Bond Crpn	162	+ 8	Lloyds Bank	437	− 13
Bougainville	88	+ 8	NatWest Bank	395	− 15
Meekatharra	440	+ 40	Philips Lamps	415	− 15
Mincorp	35	+ 10	Plessey	333	− 7
Pengkalen	202	+ 7	Royal Insurance	350	− 8
Vamgas	675	+ 25	Thorn EMI	455	− 8
FALLS			Williams (J.)	17	− 2
Exchqr 15pc '97	£95½	− ½	BP	324	− 6
BTR	336	− 18	Candecca	218	− 10
Belhaven Brewery	19	− 3	Ampol Explor	195	− 11
Brown (M.)	166	− 8	Pancontinental	164	− 14
Cable and Wireless	198	− 4	Santos	385	− 5

Scargill win raises question over winter wage round

BY CHRISTIAN TYLER, LABOUR EDITOR

MINERS YESTERDAY took a big step towards confrontation over wages as Mr Arthur Scargill, the militant Yorkshire leader, won a landslide victory to become the next president of the National Union of Mineworkers.

Mr Scargill's election result and the union's decision to prepare for possible industrial action on wages raised an ominous question over the winter wage round.

By 18 votes to seven, the union's national executive decided, after a morning of fruitless talks with the National Coal Board, to recall the union's delegate conference before putting the board's unimproved offer—7.8 per cent on basic rates, and 9.13 per cent on minimum earnings—to a pithead ballot.

The delegate conference's significance is that being a left-wing assembly it will reinforce the executive's recommendation to the 250,000 miners to reject the offer. It will make industrial action a real possibility.

Discomfited union moderates as well as coal board officials remain confident that the miners are in no mood for a battle over pay this winter and that a ballot vote would secure a peaceful settlement. But Mr Scargill's victory—he captured 70 per cent of the secret vote on an 80 per cent turnout—the Government's recent financial package and the political campaign that will be mounted by the left around the conference make such predictions risky.

Union leaders may suggest limited industrial action to begin with.

Mr Scargill yesterday referred to the emerging political dimension when he said: "We could see the decisions of this Conservative Government and their cash limit policies and their agents in the National Coal Board bringing about a wage confrontation.

"I hope common sense will prevail. But it looks as though it is little comparable with 1974."

It was the miners' national overtime ban and strike of 1973-74 which precipitated a general election in which Mr Edward Heath, then Conservative Prime Minister, was defeated.

Until yesterday most of the pay militancy had come from executive moderates. In yesterday's executive votes Mr Joe Gormley, who retires as president next March, could muster only five to eight supporters for the softer options of further negotiation or going straight for a pithead ballot.

The coal board stood firm yesterday on its long-standing "final" offer which would raise miners' wages by an aggregate £99.97m backdated to November 1.

Its negotiators rejigged the offer to increase basic rates at the expense of bonus earnings and redistributed service payments. But they would not formally table this without a promise that the whole package would be accepted.

Mr Gormley said he was disappointed but did not think the miners were in the mood

Continued on Back Page

Cheysson confuses EEC Middle East policy

BY DAVID LENNON IN TEL AVIV

THE EUROPEAN COMMUNITY'S carefully constructed Middle East policy was thrown into total confusion last night after statements in Israel by M Claude Cheysson, the French Foreign Minister.

M Cheysson declared himself firmly against any European peace initiatives for solving the Arab-Israeli conflict and said the Community's Venice declaration on the Middle East "is now behind us."

Lord Carrington, the British Foreign Secretary and President of the EEC Council of Ministers, was reluctant to believe M Cheysson had been acurately reported.

While reserving comment on M Cheysson's statement, Lord Carrington preferred to believe the French Foreign Minister was merely confirming there would not be any fresh EEC moves until after Israel withdraws from the remainder of Sinai on April 25. The British Foreign Secretary had earlier attended a meeting of EEC foreign ministers in Brussels.

The Community's Middle East policy was agreed in Venice in June 1980 and was explicitly reaffirmed by Britain, France, the Netherlands and Italy in identical statements last week. These accompanied their agreement to participate in the multinational peace force to police Sinai after Israel's withdrawal.

The Venice declaration insists on guarantees for the security of Israel but places equal emphasis on justice for the Palestinians and their right to self-determination. During his presidency of the Council of Ministers, Lord Carrington has attempted to find common ground between the Venice declaration and Saudi Arabia's eight-point peace plan for the Middle East.

M Cheysson's remarks delighted his Israeli hosts. Mr Yitzhak Shamir, the Israeli Foreign Minister, expressed his "satisfaction" at M Cheysson's repeated declarations that there would be no more European peace initiatives.

Speaking at the end of a 24-hour visit, M Cheysson said "Initiatives, plans should be proposed and discussed between those directly concerned and not by countries like the European countries which have an interest but no direct involvement."

France had no objections to the EEC adopting a common position or making statements of principles about the region, he said, but should not dictate to Israel what to do.

The French minister said the elements in the Venice declaration which negated the Camp David accords were "certainly a mistake" because Camp David accords were "certainly a mistake" because Camp David was still in progress.

Europe has now gone beyond the Venice declaration, M Cheysson said, noting that Europe's offer to participate in the Sinai multilateral force had nothing to do with Venice but is part of the European position. "Therefore Venice is now behind us," he said.

Israeli officials were delighted with what they saw as the collapse of the European effort to bring the PLO into the peace negotiations. This was reflected in the glowing references by Mr Shamir to a "new era in relations between Israel and France."

Lord Carrington may well take M Cheysson to task during a dinner in Brussels tomorrow night for foreign ministers from the UK, France, the U.S. and West Germany.

Channel ferry merger rejected

BY ANDREW FISHER, SHIPPING CORRESPONDENT

EUROPEAN FERRIES reacted with surprise and disappointment yesterday to the news that the Monopolies and Mergers Commission had thwarted its planned bid for Sealink UK, the British Rail ferry operation.

The commission came out against the intended takeover because, it argued, it would create a company with a dominant share of ferry services to the Continent. The merged company would run at least half of all services to France, Belgium and Holland.

It concluded in its report, published yesterday, that such a merger would be against the public interest and should not be allowed. Mr John Biffen, the Trade Secretary, said the Government accepted the recommendation.

European Ferries, which owns the Townsend Thoresen ferry cmpany, was prepared to pay between £30m and £50m for Sealink UK which was bitterly opposed to the idea of a merger. Sealink operates with French, Belgian and Dutch partners.

If it had been allowed to bid, European Ferries would have cut capacity and costs on the loss-making routes to the Continent, saving an estimated £40m a year.

The Monopolies Commission said the merger might be one solution to the problem of excess capacity—most ferry companies are deeply in the red—but it was by no means the only one.

On the news that its bid could not succeed, shares of European Ferries slid by 5p to close at 73p last night. It lost over £9m on its shipping operations in the first half of this year.

Mr Keith Wickenden, the chairman, said he was completely surprised at the commission's verdict. In a reference to the losses suffered by ferry companies and recent price wars, he said one operator would probably now "have to go to the wall."

Sealink UK, with a fleet of 28 ships on 20 major routes, welcomed the Monopolies Commission report and said it would continue its efforts to bring in private capital.

Also happy about the report was P & O Ferries, which said a merger between European Ferries and Sealink UK would have created a classic monopoly. P & O lost over £5m on its ferries in the first half

The merger, if allowed, would have put a 53 per cent share of the accompanied tourist vehicle market to the Continent in one company's hands, or 71 per cent if the traffic of Sealink's European partners is included.

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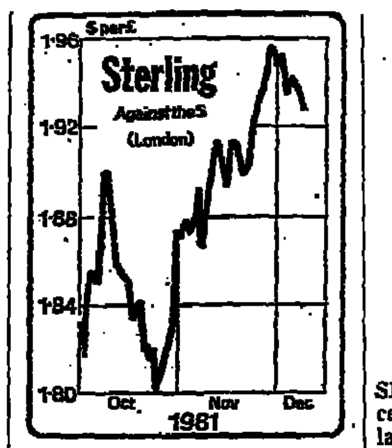

Setback for interest rate hopes

By David Marsh

PROSPECTS FOR further quick cuts in UK interest rates received a double setback yesterday. First, the Bank of England announced a higher-than-expected rise in the money supply last month, boosted by a sharp jump in bank lending to industry.

Secondly, sterling fell back on foreign exchanges and amid renewed pessimism about a fresh upward twist in U.S. interest rates.

The pound closed in London at $1.9270, down 0.90 cents, after touching a low of $1.9175 at one point.

The Bank said sterling M3, the Government's most closely monitored measure of money supply, rose a provisional 0.5 per cent, seasonally adjusted, in the banking month to mid-November.

The increase was well down from October's 1.7 per cent rise. It was, however, at the upper end of most expectations in the City, where some analysts had predicted a fall.

Sterling M3 has grown at an annual rate of nearly 18 per cent since the Government's latest target period started in February, double the officially set range of 6 per cent to 10 per cent.

Although the overshooting partly reflects the effects of the civil servants' dispute and moves by banks into the mortgage market, the money supply is still growing too fast to allow the Bank to prompt a quicker reduction in interest rates.

Interest-rate worries, together with City nervousness about the crushing victory of Mr Arthur Scargill in the miners' election, depressed London financial markets. Gilt-edged prices fell by ¾ per cent while the FT 30 share index dropped 11.8 points to 521.7.

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Eurodollar bonds, Page 27

£ in New York

—	Dec. 7	Previous
Spot	$1.9435-9450	$1.9365-9380
1 month	0.55-0.49 dis	0.40-0.36 dis
3 months	1.15-1.10 dis	1.01-0.96 dis
12 months	1.90-1.87 dis	1.80-1.70 dis

Recovery signs begin to multiply, Howe tells MPs

BY PETER RIDDELL, POLITICAL EDITOR

SIR GEOFFREY HOWE, Chancellor of the Exchequer, claimed last night that signs of economic recovery were "beginning to multiply." There should be "a flattening-out of the rate of increase of unemployment over the next 12 months," even though the average level next year would be higher than this year.

Opening the Commons debate on the Government's public-spending measures, Sir Geoffrey offered a positive message, that there was the basis for a "soundly-based recovery." He cited increasing orders; a recovery in private-housing starts; a reduction in short-time working; and an improvement in productivity at British Steel and British Shipbuilders.

In contrast to Sir Geoffrey's somewhat bare statement last week, his speech pleased some Tory backbenchers who have been worried that the economic startegy has lacked coherence and direction.

Nevertheless, most Tory backbench critics appeared unimpressed and sceptical. They have warned that their support is conditional upon a change of course toward expansion by the time of the spring budget. A number of senior backbenchers will warn the Prime Minister about this over the next few days.

From the back benches Mr Edward Heath said he detected some welcome signs in Sir Geoffrey's references to the exchange rate and to interest rates, though he called for clarification of Government policy on these points .

In a notably witty speech, Mr Heath said he would never ask for a U-turn, but "trying to be as helpful as he could," he did detect "a veering by the Government of the right curve."

Reflecting the views of many Tory backbenchers, Mr Heath warned the Government about future doubts.

In particular he laid down markers about unemployment benefit, aid to industry and education cuts. He disliked intensely the proposed savings on unemployment benefit, and would need a great deal of persuading that they were inescapable.

He argued that educational facilities should have the highest priority, and should not be cut.

There were no advances in policy in Sir Geoffrey's speech, and he was studiously non-committal about Budget prospects.

He said that he "neither threatened an increase nor promised a relaxation in taxation" next spring.

Sir Geoffrey stressed that he could not take taxation decisions until then, and that since he had presented only the spending side of the account now, he could not say what the overall impact of the measures was.

Looking ahead to the Budget, he said that the level of public-sector borrowing should be modest enough to offer the prospect of lower interest rates, in the context of monetary policy which took account of the exchange rate and of the need for steady downward pressure on monetary variables.

For the Social Democrats Mrs Shirley Williams, in her first speech since returning to the Commons last week, put forward a programme of reflation amounting to £5bn-£6bn a year.

Debate, Page 10
Rates Bill to be withdrawn, Back Page

Crack down proposed on tax avoidance schemes

BY TIM DICKSON

SOME UK companies will pay more tax if new measures to crack down on international tax avoidance are introduced in the next Finance Bill.

The proposals are contained in draft clauses published by the Inland Revenue yesterday, and they adopt many of the ideas in two consultative documents which appeared in January. These have been heavily criticised

The most important features of the draft clauses are a new definition of company residence and a new charge on UK companies, which accumulate profits in tax haven "money box" companies.

In future companies would be resident for tax purposes in the country where they carried on their day-to-day management.

The Inland Revenue has no idea how much money slips out of its net through overseas companies but the authorities admit that since the abolition of exchange controls in October 1979 the loss to the Exchequer may be increasingly significant.

Inland Revenue's ideas, Page 7

EUROPEAN NEWS

French Government to wage war on tax dodgers

BY TERRY DODSWORTH IN PARIS

M LAURENT FABIUS, the French Budget Minister, is to wage war "without respite" on tax evaders, who are estimated to cheat the Treasury of between FFr 90bn (£8.2bn) and FFr 95bn (£8.7bn) a year—about the same amount as the planned budget deficit in 1982.

M Fabius's pledge, made in the National Assembly debate on this year's supplementary budget, emphasises a tightening up in the authorities' attitude to tax evasion, which was recently condemned in one newspaper as a "national sport."

According to a Treasury study, evasion deprives the state of about 23 per cent of the income-tax due to it, along with 20 per cent of company tax and 6 per cent of Value Added Tax.

The Government's measures are being accompanied by a campaign to halt the surge of illegal capital transfers out of France that has followed the election of the Socialists.

In recent weeks, the Government has resorted to the unusual practice of giving maximum publicity to these cases by bringing them to court, rather than opting for the traditional procedure of an out-of-court fine.

This change of tactics has been adopted to frustrate taxpayers who are shipping out capital either to avoid the higher taxes on wealth, or because they fear an escalating rate of inflation. A number of newspaper articles have shown how easy it is to take money out of France—usually to Switzerland—either by using private aerodromes, or simply walking across the frontier.

The Government's measures follow the decision to pillory the Paribas bank for its activities in managing illegal currency transfers for French clients.

In what is widely seen as a revenge move by the Government following Paribas' manoeuvrings to save substantial parts of its overseas assets from nationalisation, 26 of the bank's clients have been charged with illegal transfers. The Government has indicated that it is considering action against another 29.

Apart from the Paribas case, other important charges have been brought against a group of industrialist and stockbrokers in Lille, and a Swiss banker has been arrested with information about several numbered accounts in his possession.

According to the authorities these cases represent only a small proportion of the total currency transfers out of the country. One unofficial estimate, made by the Communist-led CGT union, suggests that some FFr 32bn has been taken out since the election of President Mitterrand last May. The customs authorities say this is exaggerated, but admit that FFr 17bn was intercepted at the frontier in August and September.

Hopes dashed in Sakharov affair

BY DAVID SATTER IN MOSCOW

THE MOSCOW emigration office which summoned Miss Liza Alexeyeva to discuss her request for an exit visa, turned her away yesterday.

The Soviet authorities are refusing to allow her to leave for the United States to join her husband who is the stepson of the Nobel laureate Dr Andrei Sakharov. This refusal was the reason for the hunger strike by Dr Sakharov and his wife Yelena Bonner which was ended last Friday after 13 days when the couple were taken to hospital forcibly.

Bureaucratic harassment is frequently used by the Soviet authorities to demoralise those who insist on their formal rights. The fictitious summons to the visa office for Miss Alexeyeva appeared to be intended as a hint, obvious to any Soviet citizen, of official recalcitrance in the case.

Miss Alexeyeva said her hopes were raised on Monday when she was told to report yesterday to the visa office at 11 am. But when she arrived she was told that the man she was to have seen was ill and no one had any knowledge of her case.

It is feared meanwhile, that Dr Sakharov, who has a weak heart, and his wife are being fed forcibly in a hospital in Gorky, a city closed to foreigners.

Miss Alexeyeva was seized by KGB agents on Saturday when she tried to travel by train to Gorky to seek out the couple. She was driven to a spot outside Moscow and then released.

In another sign that the Soviet authorities were ready for a confrontation over Dr Sakharov's hunger strike, the Press has begun publishing articles about hunger strikes by prisoners in Israel and South Africa. The Soviet Union normally reacts to accusations of human rights violations which it has no intention of correcting by accusing other countries of using identical methods.

Walesa accused of cheating workers

By Christopher Bobinski in Warsaw

THE POLISH authorities yesterday stepped up their propaganda campaign against Solidarity leaders with an unprecedented attack on Mr Lech Walesa in the official army newspaper, Zolnierz Wolnosci. It called him "a great swindler" who, for the past 15 months, "has cheated the membership of Solidarity and slandered the authorities."

The attack came as Polish radio again broadcast speeches tape recorded at a closed meeting of the union's leadership in Radom last week, at which Mr Walesa and others said that "confronttaion is inevitable."

Solidarity has not denied the authenticity of the recordings but says the quotes were taken out of context. The authorities' apparent aim is to present the union leaders as dangerously extremist and thus hope that the union will lose popular support.

Meanwhile, Mr Piotr Stefanski, Deputy Speaker of Parliament, said in a radio interview that work on the draft of a Special Measures Bill has not yet begun.

The Bill is being pressed by hardliners at the top of the Communist Party. If passed it would threaten a confrontation between the Government and Solidarity.

Mr Stefanski,a member of the small Democratic Party, implied that the Bill might not reach the statute books. "The Deputies think that the new Trade Union Bill which will be passed soon should resolve the more pressing problems and the Special Measures Bill may not be necessary," he said.

EEC ministers fix London meeting

BY JOHN WYLES IN BRUSSELS

FOREIGN MINISTERS of the European Community will meet in London next Monday and Tuesday to try to agree guidelines for agricultural policy reform and longer-term limits on Britain's payments to the EEC budget. The meeting was ordered by the inconclusive summit meeting in London 12 days ago, although nothing has happened in the meantime to raise hopes that the Ministers will succeed where heads of government failed.

The British Government, however, is anxious to be seen to be looking for a solution in its final days as president of the Council of Ministers.

Lord Carrington, the Foreign Secretary, said yesterday: "I would not expect miracles, but we are going to do our best to get agreement on guidelines of sufficient severity to enable the problems to be solved."

Next week's deliberately informal session will pick up the threads of the summit negotiations. Each Minister will have only two advisers present, and Press briefings are to be kept to a minimum.

Most delegations felt yesterday that the discussions at best might make only limited progress, and at worst might be an exercise in going through the motions.

The four issues are: changes to the milk régime, which takes about 35 per cent of the EEC budget; the future of Mediterranean agriculture; the budgetary impact of the common agricultural policy, currently around 62 per cent of total EEC spending; and a framework for reducing the UK's budget payments, at present limited by an ad hoc temporary arrangement expiring next year.

THE COMMISSION yesterday warned the Council of Ministers that its failure to agree budgetary adjustments for aid to redundant steelworkers could result in an embarrassing confrontation with the European Parliament, writes Giles Merritt

West German objections to proposed measures affecting social aspects of the EEC's steel regime left foreign ministers deadlocked on the issue.

The impasse concerns proposals for transferring 62m European units of account (about £35m) from the EEC budget to that of the European Coal and Steel Community, with a further 50m Ecu to be transferred for 1982.

● The French Government has rejected a European Commission proposal under which 10 per cent of member-states' public procurements of telecommunications equipment could have been thrown open to bids from all Community producers.

The Commission's aim was to encourage development of the EEC micro-electronics industry, but at yesterday's foreign ministers' meeting France moved to block the plan.

The other nine EEC states are understood to have indicated their readiness to accept such a liberalisation of government purchasing policies in the key telecommunications field. The French rejection, however, has led to what officials suggest is a "major clash" between the Commission and the Council of Ministers.

By-elections in Norway give boost to Labour

By Fay Gjester in Oslo

THE NORWEGIAN Labour Party, the country's largest opposition group, has gained a further member in Parliament at the expense of the ruling Conservative Party as a result of by-elections in two counties.

The position of the minority Conservative Government is not affected. It still has the backing of the majority in the 155-member Parliament—its own group of 53 MPs, plus the 26 members of the Centre (Farmers) and Christian Democrat Parties.

The elections were called because the results of the September general elections were invalidated by technicalities. The same candidates contested the seats. About 10 per cent of Norway's electorate was involved.

Deceptive calm foreshadows close-run Maltese election

BY GODFREY GRIMA IN VALETTA

MALTESE ELECTIONS have often provided the pretext for an outbreak of violence between highly polarised political parties. Yet with voting in the island's general election due on Saturday the situation so far is deceptively calm.

The party clubs which, until very recently, were the targets of mob attacks, are operating normally, while convoys of buses packed with rival supporters of Prime Minister Dom Mintoff's ruling Labour Party and the opposition Nationalists of Dr Edward Fenech Adami chug to their respective rallies without incident.

All of this may suggest that no crucial issues divide Malta's 238,00 voters in what is certain to be a close election. In the last election in 1976, the Nationalists were defeated by only 6,000 votes, giving Mr Mintoff a three-seat majority in the 65-seat House of Representatives.

In the balance, however, are Malta's future as a neutral and non-aligned country, its economic development, which is beginning to show signs of flagging, and the possibility of an administration more liberal than Mr Mintoff's.

An election victory for Mr Mintoff will maintain Malta on a course of neutrality and non-alignment. Having rid the country of British military bases in 1979, Mr Mintoff is now busily distancing Malta from both the U.S. and the Soviet Union. Malta's neutrality, he claims, is equally beneficial to Europe and north Africa. Since this policy can be maintained only for as long as Malta develops economically, it is necessary, he argues, for Europe and Arab countries to come up with the right economic aid.

Although he still complains of tepid enthusiasm for his policies in Europe, Mr Mintoff has succeeded in selling them to Italy—which last year guaranteed Malta's neutrality in a formal accord and agreed to provide financial assistance—as well as to France, Saudi Arabia, Algeria, Iraq and the United Arab Emirates.

Mr Mintoff's recent neutrality accord with the Soviet Union, his leasing of bunkering facilities to the Soviet merchant fleet and the sanctioning of a Soviet Embassy in Malta are hardly likely to have improved his popularity with Europeans.

Special relationship

However, Mr Mintoff is still interested in negotiating a "special relationship" with Europe.

Dr Adami seems bent on driving the island into full EEC membership as early as possible. He believes that, as in Ireland's case, Malta has much more to gain than lose by signing the Treaty of Rome. He adds, however, that at an initial stage, Europe should rapidly help Malta strengthen her economy so that she could afford the membership.

Mr Mintoff, on the other hand, insists that Malta cannot afford early membership, certainly not in the comming five years.

In a way, Mr Mintoff and Dr Adami are driving towards the same objective — entry into the EEC only after Malta can afford it. But what distinguishes the two leaders is their approach. Mr Mintoff, who is 65, relies almost entirely on his ability to shock and pressurise.

Dr Adami, who is 47, prefers a contrastingly courteous approach. He displayed skilful tactics within his own Nationalists' Party shortly after the 1976 election defeat. Within a year, he unseated Dr George Borg Olivier, the party leader and former premier, revamped the party's organisation and up-dated its policies.

Mr Mintoff, whose party has nationalised important sectors of the economy, argues that his policies have brought the Maltese unprecedented social gains. Malta today is one of the best housed countries in Europe. Employment has risen to 116,000, in spite of a world-wide recession, although it is now falling again.

The Government next year will spend M£62m (£83.4m) on social measures, M£12m (£16.1m) more than this year. The take-over by the Government of commercial banks and telecommunications has generated greater wealth and made Malta less dependent on foreign companies.

Yet the fact remains that Mr Mintoff's style of rule and his government's handling of the economy are being questioned in this election.

Increased social welfare has been achieved only through much more onerous taxation. There are also signs that the economy is slowing.

Tourism faces a bleak future with British tour operators, Malta's main suppliers of sunseekers, claiming a drop of 83 per cent in bookings for the coming summer. That is not a balance sheet which makes the re-election of Mr Mintoff's Labour Party a foregone conclusion.

Bonn may abandon its reactor plan

By Kevin Done in Frankfurt

THE WEST GERMAN Government will be recommended to abandon its DM 5.4bn (£1.3bn) fast breeder nuclear reactor development programme unless the electricity supply industry agrees to shoulder a greater share of the costs.

Herr Andreas von Buelow, said yesterday that if talks with the industry over the next week failed to produce additional support he would recommend to the Cabinet next Wednesday that work should be stopped.

He is also likely to ask the Cabinet to back the use of legislation dating from the 1930s to froce the utilities to incerase their share of the funding.

Herr von Buelow emphasised yesterday that the fast breeder programme could no longer be financed by the state without the industry playing a bigger role. Legal steps were also unlikely to be fast enough to overcome the immediate financial crisis.

Bonn is seeking an extra DM 1.1bn (£260m) from the electricity utilities to close the yawning gap in the project's financing over the five years to 1986. So far it has received offers totalling only DM 550m (£128m) from three companies, RWE (Rheinisch-Westfaelische Elektrizitlaetswerke), Preussen Elektra and Nordwestdeutsche Kraftwerke.

Resistance to giving further financial assistance has been particularly strong from utilities in southern Germany. They say the alarming escalation in costs is due to long delays caused by the Government's regulatory procedures.

The fast breeder reactor, which was begun in 1973 was originally scheduled for completion in 1979 at a cost of only DM 1.5bn (£349m).

To date industry has provided only around DM 240m (£56m) of the DM 3bn (£698m) spent on the fast breeder.

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Dublin abandons plan to reduce income tax

BY OUR DUBLIN CORRESPONDENT

THE IRISH Government has abandoned its pre-election plan to cut the basic rate of income tax from 35 per cent to 25 per cent. Dr Garret FitzGerald, the Prime Minister, has accepted the argument—put forward by, among others, the IMF—that correction of the public finances must have priority.

In fact, Irish taxpayers—particularly those in the middle and upper income groups—may have to pay more, not less in direct taxation. Dr FitzGerald said on Monday that those in the middle income group would have to accept an inevitable reduction in their living standards for a couple of years, while the better-off would be required to make the largest sacrifices.

At the heart of the problem is the spiralling budget deficit. The Government says it took office in July expecting to find a deficit of Ir£800m (£655m) but discovered the true figure was Ir£950m. Left unchecked, the deficit for 1982 would have soared to Ir£1.5bn (£1.2bn).

Ministers have now accepted that it is impossible to combine a reduction in the deficit with a cut in direct taxes, although there may be a commitment to bring in the lower rate before the Government's term of office expires.

Independent economists have calculated that cutting income tax and the deficit and making up the balance with indirect taxes could add 8 per cent to the inflation rate, which is already running at 22 per cent.

Dr FitzGerald's analysis is disputed by Mr Charles Haughey the opposition leader. However, some of Mr Haughey's own Front Bench colleagues have pointedly refused to defend the policies he pursued in the run-up to the general election.

The Government will not abandon the commitment to pay spouses who do not work outside the home Ir£9.60 a week. The scheme has been criticised as "robbing Peter to pay Paula" because the money would be deducted from the working spouse's tax allowance. Ministers believe it would be politically impossible to drop the scheme because it played a crucial part in the coalition Government's narrow election win.

It will also go ahead with the plan to substitute tax credits for the present system of tax allowances. But one way of raising revenue from the better-off might be to end relief for items like insurance policies.

The Cabinet has been meeting several days a week for most of the past month looking for ways to cut public spending but the exercise is proving more difficult than expected. Some increase in capital taxes is possible. The proportion of revenue provided by capital taxation has been falling, despite the increases in national wealth.

Dr Fitzgerald: dropping electoral pledge

Wage negotiating rules in the Republic need clarifying, writes **Brendan Keenan**

Ireland struggles for pay bargaining accord

AMID ALL the hand-wringing over last month's failure—for the first time in a decade—to conclude a national pay agreement in the Irish Republic, a fresh set of proposals from Irish employers has gone largely unnoticed.

Right at the beginning of the autumn negotiations in the annual wage round, the employers handed the trade unions a 22-clause draft agreement. Its distinguishing features were that it was to last indefinitely—unlike the fixed-period pay agreements which have prevailed up till now—and provide a framework within which pay could be negotiated.

It sought to cover the vexed questions of settling disputes, the maintenance of plant and equipment during stoppages and the relationship of local to national bargaining.

However, the employers' move had little chance of success, given that national wage agreements have become increasingly difficult in recent years. Many on both sides of industry believe this is because of the absence of a long-term framework to allow centralised pay bargaining to develop into a permanent incomes policy.

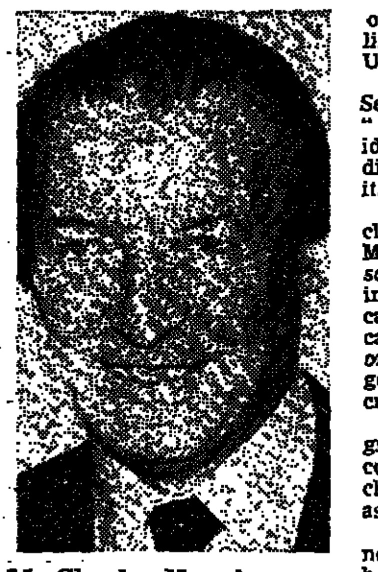
Although there is a strong tendency to centralised bargaining in Ireland, most agreements never went beyond providing basic increases over a fixed period and failed to produce significant improvements in labour relations.

It was the cost of special claims on top of the basic rises which led to the failure of this year's negotiations.

Even though the two sides differed over only 3 per cent of the unions' claim, the unions could not agree to strict controls on subsequent productivity or relativity claims.

Employers, unions and government have had regular experience of negotiating together since 1970 under the Employer-Labour Conference. This is a permanent negotiating body under whose aegis the annual wage rounds take place.

On the face of it, this experience gave the Irish a golden opportunity to develop a system akin to the Austrian method of fixing pay centrally in relation to broad economic circumstances.



Mr Charles Haughey, the former Prime Minister, last year threw all his weight behind a national wage deal which raised unions' expectations.

However, after 11 years, all three sides are no nearer to agreeing on the basic purposes of the negotiations than when they started. The trade unions never seemed to come to terms with the principle of centralised bargaining. Each year, the Irish Congress of Trade Unions had to ask its affiliated unions through a special delegate whether they wished to negotiate a fresh agreement.

Trade unionists who support centralised bargaining believe the unwillingness of individual unions to give up any of their power to congress is a fatal flaw. To do so permanently would have meant re-structuring the movement, which is organised along the same lines as the British Trades Union Congress.

Mr Dan Murphy of the Civil Service Executives' Union says: "We paid lip service to the idea of re-organisation but we didn't really do anything about it."

Nor were the unions entirely clear about what they wanted. Most union leaders think the so-called national understanding of 1979 was the nearest they came to a social contract because it included agreements on taxation, social welfare and government investment in job creation.

Even against this background, the unions would not concede real limits on special claims above the national basic, as they refused to this year.

The employers, too, have never been entirely clear about how far towards a national incomes policy they wished to go. They were far from happy with the 1979 deal. Mr Eugene McCarthy of the Federated Union of Employers says: "The unions represent less than a sixth of the population and the Government should not hand taxation policy to them."

Behind the employers' misgivings about the 1979 deal lay a fear that they would lose influence in this kind of bargaining—while the results would affect their costs and contributions.

Mr McCarthy adds: "It is nonsense to talk about pay when the Government can do what it likes on tax and deductions. We need to know the Government's mind."

But successive governments seem hardly ever to have known their own minds. Initial government hostility to national agreements abated when Dublin saw them as a way of fixing the public sector pay bill.

"Now," says one senior minister, "they have become a badge of good government. If you don't have a national agreement, you're not doing your job."

That attitude reached its zenith in 1980, when Mr Charles Haughey, the Prime Minister of the time—with a general election looming—threw all his personal weight into getting a national deal.

The result was so unfavourable to employers that many believe it killed the remaining hopes of keeping the system going. The 1980 agreement was more than the employers wanted to pay, it raised expectations among the unions and it was accompanied by a spate of relativity claims in the public sector which saw the total government wage bill rise by more than 30 per cent to an estimated Irish £1.7bn (£1.4bn).

Mr Harold O'Sullivan, general secretary of the Local Government and Public Services Union, is scathing about the attitude of Irish Governments during the past 11 years. "Their approach was purely pragmatic. There was no philosophy or ideology behind their approach," he says.

Ministers, on the other hand, particularly those from the Labour Party, which is the junior partner in the present coalition Government, are scathing about what they see as contradictions in the unions' position.

"When it comes down to it, all they're interested in is pay bargaining," says one. "Sometimes wish we had a political trade union movement. Even the Communists on the Continent stand for something."

Such attitudes suggest that there is little chance of the Irish developing a truly national system for fixing incomes.

However, many believe centralised bargaining will re-emerge in Ireland after everyone has had a fling at individual pay bargaining. But if negotiations are to fare any better in the 1980s, the rules will have to be clarified. Perhaps the employers' proposals for a basic but not too ambitious wage bargaining system represent an attempt to get away from rhetoric and recognise that in pay—as elsewhere—there may have to be an Irish solution to an Irish problem.

Balsemao to discuss EEC entry in London

By Diana Smith in Lisbon

DISCUSSIONS IN London today between the British and Portuguese Prime Ministers are seen in Lisbon as the first, crucial stage in its attempt to speed up negotiations on its entry to the European Community.

In view of the EEC's budget and agricultural policy difficulties, and the problems of Portugal's textile exports to the Community, its capital flows and the eventual free flow of its manpower in Europe, there is considerable concern that the target date of January 1984 may not be met.

Sr Francisco Pinto Balsemao, the Portuguese Prime Minister, has been particularly anxious to have frank discussions about EEC matters with Mrs Margaret Thatcher, his UK counterpart, before Britain hands over the Community presidency at the end of this month. Furthermore, opposition by the British textile industry to a free run for Portuguese textiles soon after accession date is matched only by that of the French industry.

He will be able to raise such questions of French resistance when President Mitterrand pays a 24-hour visit to Lisbon on Friday.

Sr Balsemao has made clear that his government will wage a constant offensive from Lisbon and in Community capitals in the hope of solving the more delicate questions of EEC entry

The Portuguese now have a clearer understanding of the bureaucratic and economic costs of membership, and have discovered that there are severe limits, in practice, to the benevolence expressed in principle towards their application.

W. German building industry 'in worst crisis for 30 years'

BY JONATHAN CARR IN BONN

THE West German construction industry expects a further big cut in investment and jobs next year, followed by "an explosion" in building prices.

Dr Guenther Herion, president of the industry's national association, said here yesterday that West German building was already experiencing its worst crisis for more than 30 years.

He told a news conference that incoming orders were down by nearly 18 per cent in real terms, compared with a fall of 8 per cent in 1980. This was the fault, above all, of large cuts in public sector construction programmes.

Next year, he said, would bring a further fall in investment in building of 5 per cent in real terms and the loss of another 150,000 jobs. There had been a drop this year of about 100,000 jobs. The industry at present employs 1.2m people, 938,000 of them on-site workers.

The number of construction companies to become insolvent this year had already passed the 1,000 mark and the trend was likely to continue in 1982, since increased costs could not be passed on wholly in higher prices.

Dr Herion warned that the upshot would be a further contraction of the industry, then an explosion in prices at the first signs of rising demand, as the remaining companies sought to make up for their losses accumulated over several bad years.

To help improve this dismal picture, the industry is appealing to the public sector to reverse its cuts in investment expenditure and, instead, to reduce public personnel and social costs.

The building sector also wants improved write-off facilities, at least for a limited period, and promotion of home-building through changes in rental law.

Dr Herion pointed out that building employers have to pay an average DM 91 (£21) in supplementary costs on top of every DM 100 (£23) in cash wages. Therefore he proposed a cut in unemployment benefit to 62 per cent of former net income from the current level of 68 per cent and a partial sharing of medical costs by patients. These demands have been frequently and firmly rejected by the trade unions.

Export orders up by 2.5%

BY OUR BONN CORRESPONDENT

FRESH EVIDENCE of how West Germany's export performance is helping to ward off a still deeper domestic recession emerged yesterday from the Economics Ministry.

Latest ministry figures show that the volume of export orders to manufacturing industry rose by 2.5 per cent in October, compared with September.

At the same time, domestic industrial orders flagged by 2 per cent, bringing a cut in overall orders of 1 per cent.

The trend is still more marked when the latest figures are compared with the position a year earlier. Industrial orders are down in real terms by 1.5 per cent overall, based on a fall of 7 per cent at home and a rise of no less than 11.5 per cent from abroad.

El Salvador aid doubts as World Bank team arrives

BY HUGH O'SHAUGHNESSY IN SAN SALVADOR

A WORLD BANK mission has arrived in El Salvador amid fierce domestic argument about the amount of foreign assistance needed to sustain the rapidly deteriorating economy.

President Jose Napoleon Duarte has estimated the need for foreign aid next year at between $300m (£155m) and $400m (£207m), while Sr Eduardo Menendez, chairman of the Salvadorian Association of Industrialists, has put the figure at $800m.

In the year to September 1980 the U.S. committed $162.9m in aid to the Duarte Administration of which $35.4m was military aid. A further $302m came from multilateral sources including $70m from the World Bank, $101m from the Inter-American Development Bank and £123m from the International Monetary Fund. Smaller funds came from other governments.

The U.S. is now expected to step up its economic and military subsidy to the country, which has a population of 5m. But economists and businessmen are wondering whether even $800m will be effective to sustain an economy bled dry by civil strife.

The legal aid department of the Archbishopric of San Salvador this week released figures showing that political murders last month reached 820, nearly double the figure for October which brought the grand total for the year to 11,958. The department says these figures exclude deaths of army and guerrilla forces in combat and refer to private atrocities which it claims are carried out principally by the security forces and private armed groups.

According to independent estimates the gross national product wil have fallen this year by 17.7 per cent, after falls last year of 9.2 per cent and 1.4 per cent in the year before.

Less than 40 per cent of Salvadoreans are believed to have full-time employment, while private investment in fixed assets has fallen 64 per cent in the past two years. Exports this year are likely to be 29 per cent down in value on last year's figure at 2.1bn Colones (2.5 Colones = $1), while imports will have fallen 4 per cent to 2.4m Colones.

There is expected to be a 648m Colones gap between the country's short-term assets and liabilities by the end of the year.

The black market rate for the colone is this week about 3.45 colones to the dollar against the official rate of 2.5. The International Monetary Fund is understood to be pressing for an official devaluation which would take account of the inflation rate this year, forecast to be around 54 per cent.

The difficulties facing industry were revealed recently in a memorandum from the government's industrial development agency, which revealed that its lending to industry had fallen from 41.6m colones last year to 24.03m this year. Of this total 24m colones went on refinancing and the balance on working capital. No money was lent for building or expansion or for machinery.

Mounting speculation surrounds the Canadian Prime Minister's intentions, writes **Jim Rusk**

Ottawa puzzles over the riddle of Trudeau's future

MR JEAN CHRETIEN, the Canadian Justice Minister, was being interviewed on national television following the passage of the constitutional resolution through the Canadian House of Commons on its way to Westminster.

At the very end of the interview, the reporter asked him what, with the end of the constitutional wrangle which has tied Canadian politics in knots for the last year in clear sight, is now the number-one question in Canadian politics.

How long, he wondered, is Mr Pierre Trudeau, the Canadian Prime Minister of nearly 13 years, standing, going to stay in office? Is he going to resign early in the New Year?

Mr Chretien, one of the few Cabinet members who is a potential successor to Mr Trudeau, simply replied: "I don't know. He hasn't told me and I haven't asked him about that."

The next day, at Mr Trudeau's weekly Press conference, the question came up again. Rumours had been flying that he might announce his resignation. But, three times, Mr Trudeau spoke of a possibility that he might stay in office.

Twice, his reason for staying was to lead another fight against Quebec separatists and he challenged Mr Rene Levesque, the Quebec Premier, to call either a referendum or an election to test Quebec's views of the new Canadian constitutional package. Mr Levesque opposes the plan and claims that Quebec has the right to veto it. Mr Trudeau's third answer was a suggestion that he might stay in office to see through the next stage of constitutional reform.

However, the Prime Minister was in vintage form. Alternately playful and serious with his questioners, he left the Press up in the air with an answer to a direct question about resignation.

"I might just be roped into . . . (leading the party into another election). It wouldn't be my desire, mind you. I'm not anxious to fight another election. But sometimes you can't resist a draft, can you?"

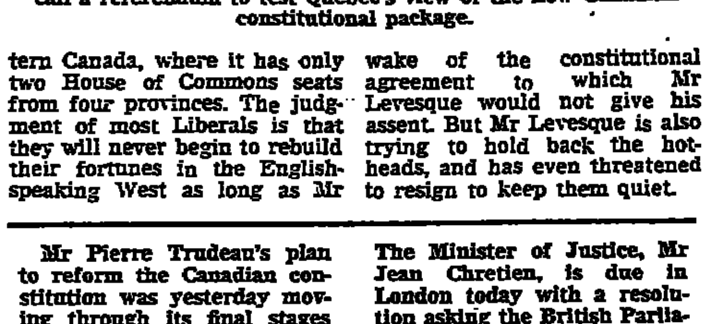
When Mr Trudeau, who had already announced his resignation, was drafted to lead his party in the February 1980 election, it was widely expected that the campaign which swept him back into office after the nine-month Conservative interlude of Mr Joe Clark would be his last hurrah.

There are a number of reasons for expecting him to resign soon. In the last year, he has had, for a Canadian Prime Minister, an exceptional and unrepeatable run on the international stage as chairman of the annual economic summit of industrialised nations and co-chairman of the North-South summit in Cancun.

Satisfactory energy agreements have been negotiated by Ottawa after long arguments with the producing provinces. He has successfully brought to an end the Canadian constitutional impasse, the domestic political issue which has driven him since he became Prime Minister in April 1968.

For the Liberals, whom he leads, constitutional success changes the basic political calculus. Domestic political attention in the next few years now promises to be dominated by economic issues, which in the past have bored Mr Trudeau and on which he has often performed badly. The party must also turn its attention to western Canada, where it has only two House of Commons seats from four provinces. The judgment of most Liberals is that they will never begin to rebuild their fortunes in the English-speaking West as long as Mr Trudeau is at the helm. Westerners distrust him as a centralist and because he has made the federal administration bilingual.

Even so, some Liberals would like him to stay on to try to dispatch Mr Levesque and his Parti Quebecois whose separatist faction apears for the moment to be on an upswing in the wake of the constitutional agreement to which Mr Levesque would not give his assent. But Mr Levesque is also trying to hold back the hotheads, and has even threatened to resign to keep them quiet.



Pierre Trudeau (left): challenged Rene Levesque (right) to call a referendum to test Quebec's view of the new Canadian constitutional package.

Mr Pierre Trudeau's plan to reform the Canadian constitution was yesterday moving through its final stages in the Canadian Senate, Our Foreign Staff writes. The Canadian House of Commons has already given its approval. The Minister of Justice, Mr Jean Chretien, is due in London today with a resolution asking the British Parliament to relinquish its right to have the last word in Canadian constitutional matters.

Liberals also argue that only Mr Trudeau's intellect and record can give a Government, which increasingly appears to be tired and tatty, the shine it needs to win again.

One of the main arguments against his departure is the realisation among many Liberals that there is no strong field of successors. Mr Chretien, who guided the constitutional resolution through the House and who was leading light in the federalist forces which defeated Mr Levesque in the May, 1980, referendum on sovereignty for Quebec is the most logical candidate.

However, for nearly a century, the Liberals have had a tradition of alternating leaders whose first language was English or French and the English speaker's representatives in the Cabinet are generally a weak lot.

Their leading member, Mr Allan MacEachen, the wily Finance Minister, who is only two years younger than Mr Trudeau, has a possibly fatal flaw in that he is not bilingual.

The surest sign of front bench weakness is that the two English speakers who may have the best chance of succeeding Mr Trudeau are the former Finance Ministers, Mr Donald Macdonald and Mr John Turner, both of whom have retired from earlier Trudeau cabinets to lucrative law practices in Toronto.

It is not at all clear whom Mr Trudeau thinks his successor should be. In the Liberal tradition of a laying-on of hands Mr Trudeau had the backing in 1968 of his predecessor, Mr *Lester Pearson*, although the support was not overt. A word from Mr Trudeau that he does not think the alternating Anglo-French succession binding might put Mr Chretien over the top.

Any word of resignation or blessing might be some time in coming. If Mr Trudeau were to resign this winter, the new leader would take over with only two of the five years of this parliament completed.

While that would give the new leader time to build a new team for the normal election year of 1984, it would also give the oppositon Tories, over whom Mr Clark's rule is precarious, time to find a leader more capably matched against the new Liberal. A convention in 1982 would also rule out the chance for a new leader to capitalise on the publicity it would generate by calling an immediate election after taking office, as Mr Trudeau did in 1968.

On the other hand, a leader chosen in 1983 would have a year of rebuilding, if needed, but would not be precluded from calling a snap election if that were the party's preference. It might also force the Tories into replacing Mr Clark before they knew which Liberal they would have to fight at the polls.

Resignation in 1983 would also give Mr Trudeau a final year to 18 months to assess the situation in Quebec and do whatever he needed to combat the Parti Quebecois Government. Indeed, it would leave open as long as safety allows the option of leading the party himself through another federal election.

Victor Mackie in Ottawa writes: Mr Levesque yesterday *blamed "agents provocateurs" for his party's decision* at the weekend to work for Quebec sovereignty without economic association with Canada and for the decision to declare it on the strength of a simple majority in a provincial election. Mr Levesque told reporters that the convention had been "infiltrated" and that debate appeared to be dominated by "a block of professional dissidents from God knows where."

OAS backs junta's plan for elections in March

CASTRIES (St Lucia)—Members of the organisation of American States have voted 22-3 to support the U.S.-backed junta in El Salvador in its policy of holding elections as the way to ending the civil war there.

Only Mexico, Nicaragua and Grenada voted against. Four nations abstained: Panama, Trinidad and Tobago, Surinam and St Lucia.

U.S. diplomats expressed delight at the size of the vote, which they interpreted as a show of support for the U.S. policy of backing President Jose Napoleon Duarte's plans for elections for a constituent assembly next March.

The vote was taken among all members of the genera lassembly of the OAS, which is meeting in St Lucia for its yearly session. The resolution was introduced by El Salvador with its central American neighbours of Honduras and Costa Rica.

The U.S. had strongly supported the resolution, which was carefully put together to attract the widest support, according to diplomats.

A major aim, from their point of view, was to produce in this forum, where the U.S. traditionally has a strong voice, a vote dramatically different from one five days ago at the United Nations which had the effect of supporting the rebels.

Meanwhile, the Soviet Ambassador to Nicaragua has said the Soviet Union is ready to defend Nicaragua in the event of a U.S. attack. Mr German Shlipanikhov was speaking in Managua on Nicaragua's national radio, according to a Yugoslav newsagency report from Mexico City.

AP

In-flight 'phone calls service offered by TWA

By Paul Betts in New York

U.S. businessmen will soon be able to make in-flight telephone calls to their wives, or companies, while flying around the country.

Trans World Airlines is planning to offer a novel form of service on several of its domestic flights by providing passengers with a new air-to-ground telephone system on its L-1011, B-767 and B-747SP aircraft.

Whenever a passenger feels the urge to make a telephone call, a flight attendant will simply bring a telephone to his seat.

TWA said yesterday that the service, which will be provided by a company called Airfone, will be available through the company's domestic air system by the end of next year.

Budget deficits can be 'financed without strain'

BY OUR U.S. EDITOR IN WASHINGTON

MR MURRAY WEIDENBAUM, chairman of President Reagan's Council of Economic Advisers, ysterday predicted that prospective U.S. budget deficits in the coming years, though sizeable, could be financed "without undue pressure on financial markets or the Federal Reserve."

In a speech to the American Enterprise Institute in Washington, Mr Weidenbaum did not refer to the lates unofficial estimates, which put the deficit at $109bn (£56bn) in the current fiscal year (1982) soaring to $162bn in fiscal 1984.

But he said that in fiscal 1983 it would be important to reduce federal Government borrowing because the private sector and its financing requirements would be expanding signficantly.

In contrast, during a time of recession such as the present, large deficits would not "crowd out the rather modest funding needs of business and consumers." In fiscal 1983 and beyond, however, when a period of rapid economic growth was expected, "a steady and substantial reduction in the budget deficit will be very much in order."

Mr Jerry Jordan, member of the Council of Economic Advisers, said that published figures showing budget deficits of over $100bn for the next three years were not the Administration's forecast.

Those figures were "simply not a forecast," he told a business conference. Mr Jordan added that the deficit figures were based on the assumption that the Administration and Congress would not approve any more budget cuts or increased revenues to the Government.

Tanzanian UN nominee withdraws

UNITED NATIONS—Tanzania's Foreign Miinster, Mr Salim Ahmed Salim, yesterday withdrew his name "in the present circumstances" from Security Council balloting for the post of United Nations Secretary-General.

But Mr Salim, repeatedly vetoed by the U.S., told reporters that he remained available for the office. Dr Kurt Waldheim, the incumbent Secretary-General, was vetoed 16 times by China and asked last Thursday that his name be removed from the ballot papers.

Mr Salim said that other prospective candidates from the Third World had been reluctant to enter the race as long as his name remained on the ballot.

He said his decision "will offer real possibilities for other candidate from the Third World to be considered

Agencies

Haig aims to strengthen alliances in 11-day trip

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. Secretary of State, Mr Alexander Haig, today begins an 11-day trip designed to strengthen the U.S.'s alliances in Europe, Asia and the Middle East.

Starting in Brussels, Mr Haig will go on to Turkey, Israel, Pakistan, India, Egypt and Morocco.

In Brussels, Mr Haig will attend a Foreign Ministers' meeting of the North Atlantic Treaty Organisation at which he is expected to urge his European colleagues not to let the momentum go out of plans to deploy a new generation of cruise and Pershing missiles in western Europe now that talks on the limitation of the missiles have opened with the Soviet Union in Geneva.

He is then due to take part in Friday's high-level meeting on U.S. European Community trade problems with the European Commission, at which an effort is to be made to ease the tensions that have arisen over European steel exports to the U.S.

The Reagan Administration was yesterday still divided on the steel issue, with the White House in favour of a voluntary restraint agreement by the Europeans.

The Commerce Department, however, said it did not want voluntary restraint and suggested that the solution should be to strengthen the U.S. trigger price system of minimum import prices.

After meeting Mr Andreas Papandreou, the new Greek Prime Minister, in Brussels, Mr Haig will go on to Turkey.

BASE LENDING RATES

A.B.N. Bank	14½%	Grindlays Bank	‡14½%
Allied Irish Bank	14½%	■ Guinness Mahon	14½%
American Express Bk.	14½%	■ Hambros Bank	14½%
Amro Bank	14½%	Heritable & Gen. Trust	14½%
Henry Ansbacher	14½%	■ Hill Samuel	§14½%
Arbuthnot Latham	14½%	C. Hoare & Co.	†14½%
Associates Cap. Corp.	15 %	Hongkong & Shanghai	14½%
Banco de Bilbao	14½%	Knowsley & Co. Ltd.	15 %
BCCI	14½%	Lloyds Bank	14½%
Bank Hapoalim BM	14½%	Mallinhall Limited	14½%
Bank of Cyprus	14½%	Edward Manson & Co.	16 %
Bank Street Sec. Ltd.	16 %	Midland Bank	14½%
Bank of N.S.W.	14½%	■ Samuel Montagu	14½%
Banque Belge Ltd.	15 %	■ Morgan Grenfell	14½%
Banque du Rhone et de la Tamise S.A.	15 %	National Westminster	14½%
Barclays Bank	14½%	Norwich General Trust	14½%
Beneficial Trust Ltd.	15½%	P. S. Refson & Co.	14½%
Bremar Holdings Ltd.	15½%	Roxburghe Guarantee	15 %
Bristol & West Invest.	16 %	E. S. Schwab	14½%
Brit. Bank of Mid. East	14½%	Slavenburg's Bank	14½%
■ Brown Shipley	15 %	Standard Chartered	‖14½%
Canada Perm't Trust	15 %	Trade Dev. Bank	14½%
Cavendish G'ty T'st Ltd.	15½%	Trustee Savings Bank	14½%
Cayzer Ltd.	15 %	TCB Ltd.	14½%
Cedar Holdings	15 %	United Bank of Kuwait	14½%
■ Charterhouse Japhet	15 %	Whiteaway Laidlaw	15 %
Choulartons	15½%	Williams & Glyn's	14½%
Citibank Savings	¶15 %	Wintrust Secs. Ltd.	14½%
Clydesdale Bank	14½%	Yorkshire Bank	14½%
C. E Coates	15 %		
Consolidated Credits	15 %		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	15 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	15 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.10%.

† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13¼%.

‡ Call deposits £1,000 and over 12¼%.

§ Demand deposits 12½%.

‖ 21-day deposits over £1,000 13¼%.

¶ Mortgage base rate.

Energy Review: Commonwealth Caribbean

By Canute James in Kingston

Soaring import bills spark oil scramble

THE DRILLING of an exploratory well in western Jamaica last month marked the start of the island's search for oil, an activity which has been underway at an almost feverish pace over the past 12 months in several other Commonwealth Caribbean countries.

The countries' economies have been hit in the last eight years by increasing prices for oil. Local efforts at conservation have proved to be embarrassingly inadequate in keeping down consumption in the 12 countries which have a total population of 6m. Except for Trinidad and Tobago, which is a net energy exporter, the group's oil bill last year was just over US$1bn, according to the Caribbean Development Bank. In 1972, the oil bill was US$200,000.

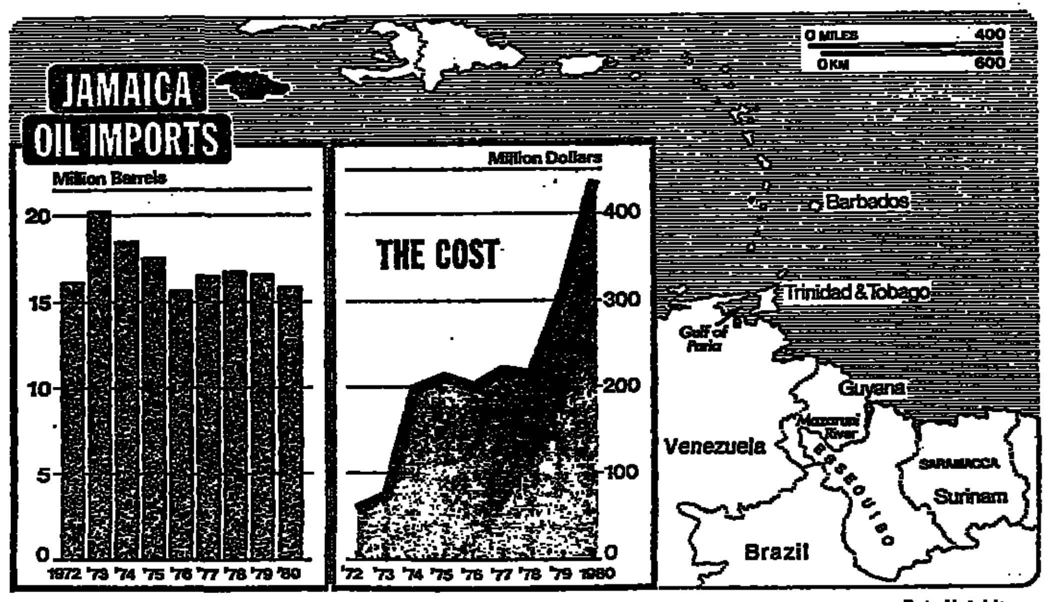
To finance this, many of the countries have had to spend on oil about half of their meagre foreign earnings for their agricultural and raw material exports and tourism. It is this which drove many of the countries to search for oil in their own backyards.

In Jamaica the situation is particularly acute. The island depends on imported oil to meet 99 per cent of all its energy needs. But the price is a painful one for its weak economy. Jamaica last year had to pay U.S.$418m for its oil imports, leaving pitifully little from its total foreign earnings of U.S.$692.6m.

The countries are mainly hoping that they will find enough to satisfy their domestic needs. They will not worry if they have none left to export. Their one close example of the economic effects of an economy dependent on oil exports will, in fact, not encourage them to seek to be net exporters.

The Trinidad and Tobago economy is dangerously unbalanced because of its oil sales. The country's trade surplus last year was U.S.$600m. However, non-oil trade recorded a deficit of U.S.$450m. Other sectors of the economy, such as sugar, have declined following administrative and economic concentration on oil, and on industrial projects based on oil.

Many of the countries have offered concessions to and have signed exploratory exploration agreements with mainly North American and some European companies. The wells, in western Jamaica, for example, the start of the island's onshore exploration, are being sunk by Petrocanada, the Canadian state agency, and Parker Drilling of Tulsa, Oklahoma. According to the islands' Energy Ministry, the well will be taken to about 10,000 feet, or until an economic basement is reached. Other exploratory drills, earmarked for the centre and the eastern end of the island, will follow.



Bob Hutchison

More optimistic about offshore programme

The Petroleum Company of Jamaica (PCJ) the state agency which is overseeing the exploration, is slightly more optimistic about the offshore drilling programme, scheduled to begin in early January. The search is being undertaken by a consortium of Union Texas and Agip of Italy.

Following geophysical surveys off the west and south coasts of the island with help from the Norwegian Government, the Union Texas/Agip consortium has bought rights to three blocks over 3,600 square miles. The consortium signed a joint operating agreement with the PCJ, giving the local company at least 12.5 per cent of net production royalties in the event of a commercially exploitable strike.

The Jamaican programme is being funded by loans of US$23m from the Inter-American Development Bank, and US$7m each from the World Bank and the United States Agency for International Development (USAID). There is no more than cautious optimism about striking oil. Mr Raymond Wright, director of exploration for the PCJ, said earlier this year that the chances of finding a commercially worthwhile deposit were about one in 25. Mr Edward Seaga, the Jamaican Prime Minister and Mining Minister, put the chances of success at ". . . only about 2 per cent."

He said he is taking comfort from the fact that oil was discovered in the North Sea after 30 drillings.

There is greater optimism about the prospects of finding oil in Guyana, in northern South American, where exploration is in full swing with several companies having signed agreements with the Government. The onshore programme is concentrated on the Takutu Basin area in the interior of the Essequibo Territory, the ownership of which Guyana and Venezuela are disputing. Geophysical surveys have been positive enough to have induced Home Oil and Gas of Alberta, to lead a consortium which is exploring over 2,225 square miles in the basin.

Financial support from the World Bank

"We are confident that when we drill we will find oil," said Mr Hubert Jack, the country's Mines and Energy Minister. On the basis of the surveys, he said, the chances of finding oil are "extremely favourable."

The World Bank is considering the country's mineral potential, and the Government is expecting financial support from the bank for its exploration programme. Offshore exploration on the western section of Guyana's Atlantic coast is being undertaken by Dennision Mines of Canada and Seagul Oil of the U.S.

Guyanese optimism has been fuelled by recent successes in neighbouring Surinam, where Gulf Oil has made a strike. It is not yet known if this find is commercially exploitable. The company was engaged by the Surinam State Oil Commission, which announced that Gulf had found a belt of oil bearing sand at a depth of 300 feet in Saramacca, in the west of the country.

Two more wells are being sunk to determine the size of the deposit thought to be geologically linked to those to the west as far as Venezuela and Trinidad. Guyana lies between Surinam and Venezuela.

The search in Trinidad and Tobago is fired more by a desire to determine the twin island state's total reserves, than it is to increase production. Trinidad and Tobago has known reserves of 700m barrels, with refining capacity of 360,000 barrels per day. Reserves of natural gas are put at 14 trillion (million million) cu ft. The Trinidadian oil fields are geologically similar to those of eastern Venezuela, and new wells are being drilled in the Gulf of Paria, which separates the two countries, by Mobil and the state-owned Trinidad and Tobago Oil Company (Trintoc).

The north and east coasts of Trinidad are being surveyed for the Goverment by Western Geophysical of the U.S.

Barbados also produces some oil from known reserves of 1m barrels, hardly enough to meet the economy's needs. Just under 1m barrels were imported last year. However, based on evidence that it has some, the island's Government has employed the facilities of Mobil for surveys with a view to drilling.

Prospects for success in these countries are far from encouraging. Whatever evidence of oil there has been in most of the area over the past 30 years, has indicated that it may be locked away in deposits too small to merit commercial extraction.

Offshore deposits might prove too difficult and costly to get at as in most cases the land falls away steeply into the sea, leaving little of a shelf. Regional analysts said a year ago that pre-tax operating costs of new oil wells in the region could conceivably be as high as U.S.$18 per barrel. The cost must now be higher.

The countries in the region have tried to tackle their energy problems in two other ways. Jamaica and Barbados are among nine Central American and Caribbean oil importers which are beneficiaries of an oil rebate facility being offered by Mexico and Venezuela. The purchasers are allowed to keep about 30 per cent of their oil bills as soft loans.

But arrangements such as these postpone the economic cost of importing energy. Consequently, several countries are looking to alternatives. The best prospect for this is in Guyana, where the Government is seeking financing for a hydro-power project on the Upper Mazaruni River. The plant is projected to produce about 700 MW, and be the basis for heavy industrialisation.

Thought is being given to the use of coal

However, none of the other energy-deficient countries in the region have rivers capable of promising such an escape from the hard reality of still expensive oil. Jamaica has made significant steps in making use of solar energy, but this is on a local level and obviously cannot affect the demands of the national grid.

Thought is being given by some countries to using coal. Bauxite refining expansion in Jamaica, for example, is being predicted on the use of coal-fired rather than oil-fired processes. The same is being contemplated for heavy industries such as cement and steel in other countries. However, like oil, the coal will have to be imported.

Australian unions lift uranium export ban

By Patricia Newby in Canberra

OFFICIAL union opposition to the uranium industry in Australia appears to have ended. Following talks with waterside workers, the Australian Council of Trade Unions (ACTU) announced yesterday it would lift bans on the export of uranium until at least February.

The move will enable 18 containers of uranium oxide, worth around A$1m (£600,000) each, to be loaded by union labour on ships in Darwin for export. The "yellowcake" has been held up by waterside workers' bans for eight weeks.

Although the lifting of the ban was not unqualified, most observers believe official bans on union involvement in the uranium industry are finished and that the way is now clear for unimpeded development of Australia's uranium deposits. These are estimated to make up around 15 per cent of the Western world's easily recoverable reserves.

The Australian Labor Party, which also officially opposes the mining and export of uranium, will now be under pressure to change its stance. Mr Bill Hayden, the federal Opposition leader, and other moderate members of the party will now almost certainly try to have the policy changed.

Mr Charlie Fitzgibbon, senior Vice-President of the ACTU, said yesterday that its executive, in making the decision, was "facing reality." The ACTU recognised that the ban was not working.

The ranger mine, operated by Energy Resources of Australia (ERA), was built by union labour and is being worked by unionists. The Northern Territory Government had made contingency plans to move the Ranger yellow-cake from Darwin using non-union labour if talks betwen the waterside workers and the ACTU had failed to come up with a satisfactory afreement.

Reuter adds from Melbourne: Mr Fitzgibbon said an ACTU working party will study union attitudes to uranium and report to the executive in February. The executive will then decide whether to remove all sanctions permanently.

The row over uranium has sharply divided Australia's trade union movement for several years. Mining workers have always been willing to operate mines because of the financial benefits associated with the difficult nature of the work in remote and inhospitable areas. But dockers and seamen have displayed fierce opposition on both political and environmental grounds to the whole question of uranium exports.

Since the ACTU banned the handling of uranium shipments in 1979, mining companies have had great difficulty in meeting export orders, despite being able to mine the ore.

The union decision follows a confrontation at Darwin in October when dockers prevented the first load of yellowcake being loaded aboard a specially chartered ship. This led to a meeting between union leaders and Northern Territory politicians in Darwin last week which provided the basis for yesterday's decision.

Chinese company tax law 'may deter foreign investors'

BY OUR PEKING CORRESPONDENT

FOREIGN bankers and lawyers have reacted to the new commercial tax laws, as being on the "high side" and a possible disincentive to foreign investment in China.

On Monday China published draft legislation which provides for tax bands of between 20 and 40 per cent on profits made in China by foreign businesses.

"It is not the sort of tax level you would expect from a country putting a high priority on attracting business," said a Peking-based U.S. lawyer. The draft includes a 10 per cent local surtax.

The American lawyer said Chinese media reports of the tax law were confusing and the full text of the law itself, to be released later this week, would need to be studied.

On the basis of Chinese reports, he said it was difficult to tell exactly what was meant by the 10 per cent surtax. Foreign businessmen did not know whether the surtax would apply to the total amount of taxable income or only to the amount of tax paid, as is the case in the Chinese joint venture law, which currently serves as an effective tax guide.

The lawyer said, however, that whichever way businessmen looked at Monday's draft, the Chinese had gone for high rates. Another point of obscurity was the question of tax incentives. It was surprising, he said, that incentives seemed to apply only to a narrow range of activities such as farming.

He pointed out that the Chinese corporate tax rate was about the same as that applying in the U.S.—around 46 per cent. Under Chinese law, companies earning several million dollars or more will be liable to taxation of 45-50 per cent.

One provision in the Chinese draft law allows for an effective penalty on a foreign bank which makes a loan to a Chinese enterprise if the loan is not made at a preferential rate.

An apparent effect of the higher tax level would be to make joint venture projects, which will be taxed at 33 per cent, more attractive. Likewise low tax rates of around 15 per cent applying to the new special economic zones are also made more attractive.

Foreign businessmen in Peking said the new tax provisions, as reported by the Chinese, were generally less favourable than those applying in other developing countries in the region such as Indonesia, Malaysia and the Philippines.

India offered nuclear aid by France

offered to share with India its expertise in any area of nuclear energy research and development, including the fast-breeder test reactor India is now working on, France's Science and Technology Minister said here yesterday.

M Jean-Pierre Chevenement said that France and India had co-operated in the nuclear field for 30 years under a general agreement, and that any request for assistance on specific problems would get a favourable response from his Government.

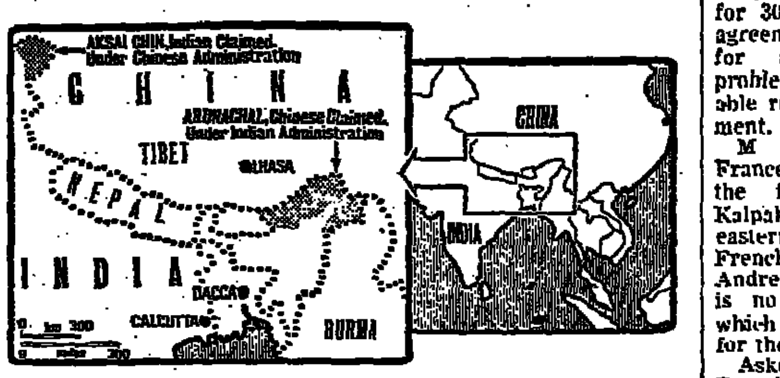
M Chevenement also said France was ready to help set up the fast-breeder reactor at Kalpakkam near the south-eastern port city of Madras. The French ambassador to India, M Andre Ross, added that there is no agreement now under which France would supply fuel for the test reactor.

Asked about the possible French sale of enriched uranium to India for its Tarapur nuclear power plant outside Bombay, M Chevenement said the subject had not come up during his talks with Indian officials.

The U.S. built the Tarapur reactor and agreed in 1962 to supply it with fuel for 30 years. American fears about India's nuclear ambitions have caused the fuel shipments to lag, however, and officials on both sides have said the pact is all but dead. AP

India-China border talks start in Peking

BY TONY WALKER IN PEKING



CHINA and India will take a significant step towards resolving their long-standing border dispute when officials from the two sides meet in Peking this week for what promises to be the beginning of lengthy negotiations.

Relations between the world's two most populous countries were soured during a brief border war in 1962 when Chinese troops occupied a large area claimed by India. Ambassadors were not exchanged again until 1976. In the past year, the two sides have appeared genuinely intent on patching up differences.

There have been frequent contacts between Chinese and Indian officials in the past 12 months in preparation for this first round of detailed discussions on the border.

There is no doubt that one of China5s wider foreign policy aims in its efforts to improve relations with India is to "encourage" a loosening of ties between New Delhi and Moscow. Better Sino-Indian relations would almost certainly have this effect.

According to an Indian official here, both sides appear to be approaching discussions with "purposefulness," although it would be wrong to expect too much.

The Indian side is led by Mr Eric Gonsalves, secretary of External Affairs and the Chinese side by Han Nianlong, a Vice Foreign Minister. Discussions will last for four days.

New Delhi claims China is occupying some 14,500 square miles of its territory, mostly in the western sector of the border between the two countries. Under proposals put forward by the Chinese, a settlement could be reached if India conceded Peking's claim in the area adjoining Kashmir, in return for China agreeing to India's claims in the East. The Chinese proposal has been rejected by India.

The way was opened for the talks when, in the middle of this year, Huang Hua, China's Foreign Minister, visited New Delhi for discussions with his Indian counterpart, Mr P. V. N. Rao and a meeting with Mrs Indira Gandhi, the Indian Prime Minister. It was the first visit by a senior Chinese official in 20 years, an indication of the depth of the freeze.

A further indication of the movement forward was the news from New Delhi this week that Mrs Gandhi had agreed to visit Peking to speed up the normalisation of relations. The invitation was pressed when Mrs Gandhi met Chinese Premier Zhao Ziyang at the Cancun summit in Mexico. No date has been set.

Apart from the border dispute, other problems in the way of complete normalisation are India's close ties with the Soviet Union and also the Indian decision to recognise the Heng Samrin regime in Phnom Penh.

China, the world's most enthusiastic supporter of the Pol Pot forces in Kampuchea, was sharply critical of New Delhi's decision, describing it as "stupid."

China, in its efforts to improve relations with India, has been sensitive to concern by other countries in the region, such as Pakistan, at a rapprochement.

Earlier this year, before Huang's visit to New Delhi, Zhao visited Pakistan, Bangladesh and Nepal in an apparent move to assure those countries that better Sino-Indian relations would not upset the power balance on the sub-continent. China has long had close ties with Pakistan.

Both Peking and New Delhi have stated frequently that the border dispute should not be allowed to stand in the way of an improvement in relations in other areas, such as trade, which amounted to some $100m last year, a relatively small amount.

India is keen to expand trade links, and an Indian Government study has suggested ways this could be done, including the establishment of a "barter-based" trading system, the formation of a joint Sino-Indian trade commission, joint marketing arrangements and greater participation by the central banks of each country in two-way trade.

Inquiry into Kenya coup link

THE Seychelles Government is investigating the possibility of Kenyan involvement in last month's mercenary-led attempt to topple it, President Albert Rene said yesterday, Reuter reports from Victoria, Seychelles.

Allegations by a South African security official arrested in Victoria after the abortive coup that Kenya had planned to airlift troops to ensure its success have been sharply denied by President Daniel Arap Moi of Kenya.

Mr Rene said an aircraft scheduled to fly Mr James Mancham, the island's ousted Prime Minister, to Victoria was to have come from Kenya and that a Seychelles exile behind the plot had been in Nairobi the day mercenaries arrived.

Popular Sharon

An opinion poll published yesterday showed a sharp rise in popularity for Mr Ariel Sharon, Israel's hard-line Defence Minister, who is a contender eventually to succeed Prime Minister Menahem Begin, Reuter reports from Jerusalem.

IMF visit Dacca

An International Monetary Fund team left Bangladesh yesterday after talks on the resumption of special credit facilities, Reuter reports from Daccar. Aid of $912m was suspended in July.

Chad meeting

Chad's Minister of State, Mr Adam Barka Mahamat Nour, yesterday met the Soviet Foreign Minister, Mr Andrei Gromyko, on the "tense situation" in Chad, Tass said, AP reports from Moscow.

Opec grapples with high quality oil price

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE ORGANISATION of Petroleum Exporting Countries will attempt to resolve differences over the rate to be charged for high quality crudes when it meets today in Abu Dhabi.

No easy compromise among the producers directly concerned — Algeria, Libya and Nigeria—is anticipated at the biannual ordinary ministerial conference. Agreement is needed to complete the unification of Opec's price structure.

The atmosphere has been soured at the outset by Libya's veto on Monday of Tunisia's application for membership of the Organisation of Arab Petroleum Exporting Countries, which had been strongly supported by Saudi Arabia and Kuwait.

Libya is also expected to prove an obstacle to the adoption of a common maximum differential.

An understanding was reached at the last Opec meeting in Geneva at the end of October that an upper limit of $38 a barrel should be set, over and above the $34 at which other prices were realigned, but that the North African producers could charge lower prices if faced with marketing difficulties.

The three producers have since adopted differing price arrangements.

Nigeria set its price at $36.50, generally regarded as the right level by most other producers, including the UK, whose North Sea crude is priced at the same level. As a result, Nigeria's output has recovered from a low point of just over 700,000 barrels a day (b/d) to about 1.5m b/d.

Algeria lowered its price to $37.50, a differential which it can more easily sustain because of the nature of its contracts

Yet it is believed to have been offering some disguised discounts, including a recent barter deal under which oil was exchanged for vehicles. Its production is still thought to be languishing at 600,000-700,000 b/d.

Libya's official selling rates are related to the $37.50 charged for its best quality crude but last month it gave tax concessions to its equity holders. These bring down the effective cost per barrel by about $1, the exact amount depending on the variety of crude.

Nevertheless, its output is recovering from the level of 600,000 b/d to which it had fallen.

Yesterday the Opec ministerial committee on long-term strategy met in Abu Dhabi. It has now abandoned the indexation formula contained in the draft report finalised last year, under which prices would be regularly adjusted, according to inflation in the cost of imported goods, currency fluctuations and the growth rate of industrialised countries.

The change of thinking is the result of this year's market surplus, which has altered assumptions about supply and demand. The consensus in the committee now is that a more flexible system is required which would not rule out a modest erosion of revenue in real terms when the market is in surplus.

WORLD TRADE NEWS

Europe agrees on demands for Japan trade concessions

BY GILES MERRITT IN BRUSSELS

EEC FOREIGN MINISTERS have agreed a list of concrete demands for trade concessions from Japan, which will this morning be handed to Japanese Government representatives in Brussels by Herr Wilhelm Haferkamp, the EEC External Relations Commissioner.

The demands, approved at yesterday's EEC Council of Ministers meeting here, are grouped in three categories and are understood to concern about 50 different products.

The Tokyo Government is being pressed to accede immediately to the new demands. At the same time, it is being told that the list in no way alters the need for it to adopt medium and long term measures to improve its political and economic relations with the EEC.

The first category of the demands deals with Japanese export restraint, and is believed to concentrate on motor vehicles, electronic and industrial equipment.

The second category centres on ways in which Japan should reform its import procedures in order to encourage EEC sales there.

It is known that the majority of the EEC member states are particularly anxious that Japan should act to boost its purchases of consumer goods, foodstuffs and agricultural products.

The third category on the list deals with types of industrial and technical co-operation in which the EEC states are eager for Japanese companies to participate.

Although the question of the forthcoming trilateral trade talks between the EEC, the U.S. and Japan was not raised at the Brussels meeting yesterday, it is expected that Japan may choose this forum to give a detailed reply to the new EEC demands. The talks are expected to take place in California during January.

The Council has in any event set a February deadline for the European Commission to report back on the progress reached with the Japanese Government on negotiations over the EEC list of demands.

Fujitsu attacks AT & T over bid rejection

BY RICHARD HANSON IN TOKYO

FUJITSU has made a strong attack on AT&T in its dispute over a rejected bid for a telecommunications system in the U.S. suggesting that the affair could seriously damage trade in telecommunications equipment.

Mr Takuma Yamamoto, president of Fujitsu, Japan's largest computer company, said that no consideration was given to his company's "technical superiority . . . lower cost, nor high level of local procurement" in AT&T's controversial rejection of a Fujitsu bid on an optical fibre telecommunications contract.

Fujitsu lost the U.S. contract, valued at about $75m (£38.7m) to Western Electric, an AT&T subsidiary, despite a lower bid for the project.

AT&T based its decision on "national security" considerations. Mr Yamamoto said, after "certain U.S. Congressmen and some Federal Communications Commission members" voiced concern over awarding the contract to Fujitsu.

Mr Yamamoto, speaking to foreign correspondents, said Fujitsu was asking the FCC to review the AT&T decision.

If the FCC accepts the validity of AT&T's claim of "national interest," Japan should also consider invoking national security in barring foreign bidding for its own telecommunications procurement, Mr Yamamoto suggested.

The contract in question was to provide one link of a major fibre optics cable system on the U.S. east coast. Fujitseu claims that its system cost two-thirds as much as conventional systems now in use, and has a much greater capacity.

In addition, Fujitsu planned to procure about half the equipment and optical cables to be used in the U.S.

Reuter reports from Tokyo: The first of two rounds of U.S.-Japanese trade talks here this week made little headway, according to Mr Raymond Waldmann, U.S. Assistant Commerce Secretary.

The joint trade facilitation committee is meeting to discuss specific complaints from U.S. companies over Japanese import regulations.

Austrians in £180m E. German plant deal

By Leslie Colitt in Berlin

EAST GERMANY has signed a contract worth about $350m (£181m) with Austria's state-owned Voest-Alpine company for the building of two chemicale plants at the Leuna petrochemical complex near Leipzig.

The plants are to be situated near an ethylene plant built by the Austrians four years ago.

Voest-Alpine's chemical plant division will construct a plant to gasify heavy refinery deposits and process them into methanol. A hydrocracking plant is also to be erected. Both projects are to be completed by 1985.

East German officials said yesterday that their own chemical plant construction companies will help build the installations, which will use processes developed in East Germany.

Voest-Alpine won the contract against strong competition from Japanese, West German and French companies.

Herr Erich Honecker, East Germany's leader, visited the Voest-Alpine headquarters in Linz last year and the Austrians recently marked the anniversary of his visit.

In several previous cases, West German companies have been involved as sub-contractors when East Germany has awarded contracts to Austria, but it is not clear whether this pattern will be followed in the case of Leuna.

EEC-Cyprus tariff row erupts

By John Wyles in Brussels

THE European Community's relations with Cyprus hit rock-bottom yesterday when France and Italy stopped the EEC from acting on its promise to negotiate tariff concessions due to come into force at the beginning of next year.

Cypriot Ministers have already warned of a possible domestic backlash against the Community if the Ten reneged on this promise made at the end last year. However, France and Italy yesterday refused to soften opposition to any EEC offer of improved access for Cypriot Mediterranean agricultural products.

As a result, EEC Foreign Ministers decided here to extend unilaterally the existing code arrangements for a further six months.

Mark Meredith, recently in Hong Kong, reports on the battle for whisky sales

The Scots seek toehold in Crown colony

THE MEMBER of the Scottish trade mission looked distinctly uncomfortable as he edged forward in the customs queue at Hong Kong airport, rehearsing his explanation about how the 120 miniature bottles of whisky in his suitcase were all part of a legitimate trade promotion.

He survived, unsearched, to begin the the education, experienced by two or three whisky distributors or distillers who visit every week, about the complexities of selling to the Hong Kong market.

Behind these complexities lies the problem of sex and the single malt in the Chinese community. Scotland's largest export does not do well because whisky suffers from an image problem and only a £1m advertising assault—well above the average budget of most highland distillers—can reverse the sales trend. Some of the larger brands have already taken advertising time on television.

Brandy dominates the classy drinks market in the Crown colony through astute promotion as the drink of the wealthy, powerful and virile. Scotch—possibly through a nasty rumour spread by the brandy people—is said to have a damaging effect on the libido.

Sales of scotch in Hong Kong in the first five months of this year amounted to 884,543 litres worth about £2.8m, while brandy sales from France alone reached nearly 2.5m litres worth more than £17m.

The story goes that whisky used to be administered to visiting British sailors to reduce their excesses in Hong Kong. It's a story that has taken a long time to die.

Glyn Genin

Hong Kong: the market attracts whisky distributors, but their product has an unfavourable image

However, the mission member with his samples case did find a toehold: A market for some top of the line single malts — as opposed to the more common blended whisky—to be sold for up to £55 a bottle to status conscious Hong Kong consumers.

There were other toeholds as well during the two weeks in which 50 businessment visited Hong Kong as part of the largest trade mission which the Scottish Council (Development and Industry) has organised to the colony.

The individual stories of the mission members illustrated the difficulties of mastering exports and some of the practical problems of preparation and organisation needed to keep up with a fast moving and highly flexible market such as Hong Kong.

Many members of the mission made up of mainly small and medium-sized companies were visiting Hong Kong for the first time. Their goods and services ranged from marine engineering through textiles and foods to the sale of antlers and less appealing parts of the deer's anatomy for use in Chinese medicines.

Some were there to find agents, others to improve sales or scout out the market. The 50 businessmen lined up about £5m in potential orders.

Being Scottish helped in Hong Kong, as the place seemed to be run by Scots, from Sir Murray Maclehose, the Governor, down.

The homeland contacts in Hong Kong were helpful and a random sample of the trade mission showed 80 per cent satisfaction with the overall results.

But talks with Hong Kong traders, as well as Hong Kong officials of the British Department of Trade, showed that many of the businessmen who visit the colony are poorly prepared and do not take advantage of the information available to them about the state of the market in Hong Kong before they arrive.

The Scottish Council (Development and Industry) makes sure the information is put under the nose of the trade mission. Mr Alan Wilson, the director of the council's trade development, sends out extensive reports well in advance after membership of a mission is confirmed. He makes a practice of gently haunting the members urging them to read their material and attend pre-departure briefings.

It usually works. The trouble is that not everybody has the time to wade through the material with the result that valuable time is lost sitting in hotel rooms getting through the basic information on currency, transportation, freight arrangements, local customs and so forth.

Once in Hong Kong the information gap is taken up by Mr Derek March, the senior British trade commissioner there. He is a crusader for exports and an evangelist for exporters to be better informed.

Mr March has a friendly way of rubbing exporters' noses into the necessity of regular personal contacts with Chinese agents and the importance of appointing London-based representatives as trade expands.

Another random check of several mission members from Scotland revealed that only one or two subscribed to the export intelligence service of the Department of Trade in Britain and only one or two paid their £75 for the British Overseas Trade Board's market advisory service.

The Scots are already getting their teeth into this market. However, a follow up mission in February offers the prospect of an even bigger assault

Plan to order rail cars

BY LOUISE KEHOE IN SAN FRANCISCO

THE SAN FRANCISCO Bay Area Rapid Transit (BART) authority is preparing to ask for bids to build four prototype passenger cars for the highly automated public transport system.

BART has received a Federal grant of $6.7m (£3.45m) to partially cover the cost of the prototype and is arranging finance to cover the balance of the cost, which could be as much as $24m (£12.3m), according to BART officials.

Once the financing has been organised—possibly with some state aid and through lease purchase agreements — BART will look for bidders. The initial order is for four cars but the transit authority plans to buy up to 150 new cars at a cost of about $140m (£72m) over the next five years.

Federal funds will probably be available for the additional cars, according to the Department of Transporation in Washington DC.

Bidders for the BART prototype order are expected to include Metro-Cammell from the UK as well as Japanese, French and Canadian rail car builders.

Budd, of St Louis, the only remaining U.S. passenger rail car manufacturer, will not be able to respond to the BART order, according to BART project co-ordinator, David Demko, because the company does not make the aluminium chassis cars BART needs.

The cars will have to be especially designed for BART's wide-gauge rails, and must be light enough to run on the elevated portions of the track.

Senator warns textile trade

A U.S. Senator said yesterday he would prepare legislation to protect the country's textile industry if it were jeopardised by current trade negotiations in Geneva, Reuter reports from Washington.

Senator John Heinz said in a statement to a Senate committee in Washington that Congress would have no choice but to adopt protective legislation if the Geneva talks failed to reach a satisfactory renewal of the international Multi - Fibre Arrangement (MFA).

Producer and consumer countries are negotiating a new MFA to regulate the world's textile trade.

Under the present four-year accord which expires at the end of this month, the U.S. negotiates import limits on cotton, wool and manmade fibres.

Maputo credit concern

BY MICHAEL HOLMAN IN MAPUTO

BRITAIN'S Export Credits Guarantee Department (EGCD) may refuse further cover to Mozambique unless the Government provides more detailed data about the country's economic performance, especially external obligations.

The existing £55m facility (an agreement under which ECGD covers supplier credits up to that sum) finalised in 1980 will not be affected. But further cover in 1982 will depend on the willingness of the central bank to give more information on the economy.

It is understood that most of the ECGD facility has now been exhausted, and the Mozambique Government is keen to extend it.

The ECGD request is a symptom of growing concern among Western countries about the lack of information to back decisions on trade and investment in Mozambique.

Mozambique has not defaulted on its external obligations—although there have been occasional short delays — but there is concern that a combination of rising fuel costs, high food imports and the slow recovery from post-independence problems of the Rhodesian war, drought and floods could strain the country's foreign exchange resources.

Britain's exports to Mozambique in 1980—mainly vehicles, industrial machinery and power-generating equipment—totalled £11.3m, and imports of tea, sugar, vegetables, fruit and other items amounted to £11.4m.

Treasury vetoes state industries' finance plans

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE TREASURY has turned down a number of proposals from nationalised industries for raising investment finance from private sector sources.

They include plans put forward by the Post Office and British Rail in addition to more general ideas for building toll roads and the Channel Tunnel which are still being considered. Only one scheme—the British Telecom Bond—has so far received approval in principle. Its future now hangs on the outcome of negotiations concerning the rate of interest it would carry and the way that telecommunications prices would affect its popularity among private sector investors.

Problems raised by such financing were reiterated yesterday by Mr Leon Brittan, Chief Secretary to the Treasury at a London conference.

He said several industries had submitted proposals, but did not specify which had been turned down.

"In essence they differ little from leasing deals and offer no prospect of pressure for improved efficiency commensurate with the additional cost," Mr Brittan added.

He said it was more expensive for theindust ries to borrow direct from the private sector than from the Gevornment's National Loans Fund.

Mr Brittan's remarks confirmed the switch in emphasis, in the private sector financing debate. The idea was put forward more than a year ago by British Telecom and the chairmen of other nationalised industries as a way of raising extra investment finance, breaking free from the constraints of the Government's public sector borrowing requirement and external financing limits.

Now the Government is mainly interested because the incentive for industries to increase their efficiency might be greater if they had to justify their requests for private sector finance.

"There can be an advantage if a means can be found of introducing private capital in such a way as to expose it to genuine risk," Mr Brittan said.

"A mechanism of this sort should bring market pressure to bear on the industries and thereby secure greater efficiency and improved performance."

There was no question of such borrowing being allowed outside the PSBR. But an industry's external financing limit "might well be allowed to be somewhat higher than would otherwise have been permitted as a result of the inclusion of a 'market determined' element in the total borrowing."

BSC heads for tussle over financing limit

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE British Steel Corporation appears to be set for a tussle with the Government over its external financing limit (EFL) for 1982-83 which was contained in the Government's financial statement last week.

The Government's provisional limit of £350m for BSC and the corporation's forecast requirement differ by £70m to £80m.

Although the Government made it clear that the limit for BSC was provisional, the extent of the shortfall could force BSC to make economies if it is to arrive at a figure acceptable to the Government.

The BSC is due to submit its corporate plan for 1982-83 to the Government later this month. It will form the basis of discussions between the corporation and the Department of Industry on defining a more precise external financing limit than in the financial statement.

Mr Ian MacGregor, BSC chairman, has set a target for the corporation to break even by the end of the next year. Losses at BSC in the first half of the current financial year were £196m, indicating that the corporation is on target for reducing its target for reducing its losses in the full year to slightly over £300m (the 1980-81 loss was a record £668m).

One factor which might affect the consideration of external finance for BSC in 1982-83 is the possibility that the Government will agree to extend financial support to sectors of the private steel industry in the UK. Mr Patrick Jenkin, Industry Secretary, is expected to make a statement on the subject before the Christmas recess.

British Council sets limits

BY MAURICE SAMUELSON

THE BRITISH COUNCIL, in a joint review with the Foreign Office, has drawn up a list of new geographical priorities which are intended to make it more effective despite cuts in its contributions from the Government.

Mr John Burgh, the council's director-general said it was the first such review since the council was founded in 1934. He declined to say to what extent this involved withdrawing from the 79 countries in which the council is represented.

Far reaching economies have already been made in Britain, with the closure of nine offices. Another four might close by the middle of next year.

The Government provides about £100m of the council's annual expenditure of more than £120m. This support will be cut in real terms by 18½ per cent between 1980 and 1984.

Mr Burgh said there would be no repetition of the 1977 proposals by the Government "Think Tank" that the council should be abolished. Britain was falling behind France and West Germany in its expenditure on overseas educational work.

Plea on Welsh second homes

COUNTY AND district councils in Wales are being urged by Plaid Cymru to refuse planning consent for holiday villages in coastal and rural areas popular with second-home owners.

Plaid Cymru said yesterday in a letter to local authorities that the growth of holiday homes is having damaging effects on communities by pushing up property prices.

Advertising likely to hit record in 1983

By Michael Thompson-Noel

THE Advertising Association yesterday forecast that UK advertising expenditure is set to boom.

It said in real terms display expenditure was likely to reach a record by the third quarter of 1983 after a resumption of economic growth early next year.

Total advertising expenditure—display plus classified—in the current year is expected to show a 10 per cent gain in cash terms to about £2.82bn.

This is a vastly better performance than the forecasters were expecting this time last year. In part it reflects the strength of demand for television time.

In real terms, net revenue of the ITV contractors was 14 per cent higher in the third quarter this year compared with the third quarter last year. ITV net revenues this year are expected to exceed £600m.

Classified advertising was badly hit this year, mainly because of the sharp fall in jobs advertising.

The Advertising Association said yesterday that the data Stream International economic forecast on which its own projections were based assumed significant economic growth would start early next year and continue throughout 1982 and 1983.

Rates curb urged

MR NICHOLAS EDWARDS, the Welsh Secretary, told local authority leaders in Cardiff yesterday there was no case for increasing local authority rates on Welsh industry and commerce next year. Cash provision for Welsh councils implied that services could be maintained with single figure percentage rate increases.

Laid up shipping

THE AMOUNT of UK shipping tonnage laid up for lack of work showed a further decline in October to 826,000 deadweight tons (19 vessels) from 1.19m dwt (24 vessels) in September, the General Council of British Shipping said.

Suffolk jobs go

A TOTAL of 50 workers are to lose their jobs at two Suffolk companies. Quinton Farms is closing its chicken processing plant at Mildenhall. Anglia Fibres at Hadleigh is going into liquidation.

EEC gives £0.5m

AN EEC grant of nearly £500,000 to support redundant steelworkers in South Yorkshire was announced in Brussels yesterday. The money will finance retraining and early retirement schemes for 244 workers at Neepsend's plants in Sheffield and Rotherham.

Potter in liquidation

ONE OF Stoke on Trent's oldest pottery companies, earthenware manufacturer Wood and Sons, has gone into voluntary liquidation, with a threat to more than 500 jobs at the company's two factories at Burslem.

FT award winner

KENNETH GOODING, Motor Industry Correspondent of the Financial Times, was yesterday named newspaper Motoring Writer 1981. It was the second time in three years that he has won the award, which is sponsored by Conoco-Jet.

Traditional chaos as snowfalls hit the South

Weather disrupts road and rail services. James McDonald reports

SNOW, falling unexpectedly in England and Wales yesterday, brought traditional chaos to rail and road transprot.

It is expected to snow again during the next three days "at any time and anywhere," said the London Weather Centre last night.

Most snow began falling in yesterday's early hours between the north Midlands, nor Wales and Greater London. It moved south later to the southern Home Counties. Scotland, except for the Highlands, the North-West and North-East England escaped the early falls.

On motorways yesterday morning 30 mph speed limits were imposed. On the railways frozen pints, impacted snow and snow under the shoes of underground trains disrupted train services through out Britain. London and the Home Counties were particularly hard hit.

Commuter rail services into London were badly affected, with train cancellations and lengthy delays on services into all the main termini.

Travellers on British Rail's Southern Region into Waterloo were worst affected," mainly by their own "lunatic actions," said Southern Region yesterday.

A points failure at Waterloo yesterday morning led to two or three trains being held up near Vauxhall station. "The fault could have been remedied in about 20 minutes but hundreds of passengers jumped onto the line and started walking.

"To save their lives we had to cut off power on a number of lines which brought many more trains to a standstill. Eventually several thousand people were walking along the lines."

The power was not restored for trains to leave Waterloo until just after midday. With so many trains out of position, BR at Waterloo hoped last night to offer an 80 per cent of normal homegoing service to commuters, with a better service but still some delays from other London terminals.

British Rail and London Transport operated de-icing trains yesterday morning because of an ice warning on Monday. But the snow warning—obtained at 4.30 am yesterday—came not long before snow began falling heavily.

Thousands of passengers were delayed at Heathrow airport. All British Airways domestic and European flights were held up and some flights were cancelled.

"Things should be better this morning," said British Rail Southern Region. "The snow fell so thickly and quickly that we were caught unawares to some extent and the snow compacted on the points."

London Transport last night operated a normal service only on the Victoria Line.

OBITUARY

Kuwait oil pioneer dies

By Our Energy Editor

SIR PHILIP SOUTHWELL, a pioneer of Kuwait's oil industry and recently retired president of Brown and Root (UK), has died aged 87.

He was among the first in the West to recognise the importance of Middle Eastern countries having control of their own oil production.

After graduating from Birmingham University Sir Philip joined the Trinidad Government petroleum office. He later joined the Anglo-Iranian Oil Company.

After taking charge of Britain's oil exploration in the war, Sir Philip joined the new Kuwait Oil Company in 1946.

He retired from it in 1959 and later joined Brown and Root and was involved in North Sea oil and gas development. He conceived and organised the Nigg Bay platform construction yard of Highland Fabricators, a joint venture of Brown and Root and Wimpey, of which he was chairman.

British Gas sets record with slagging gasifier

BY DAVID FISHLOCK, SCIENCE EDITOR

A RECORD-BREAKING run has been achieved by British Gas's new technology for turning coal into substitute natural gas. The technology, called the slagging gasifier, was demonstrated to engineers from a dozen countries at British Gas's Westfield Development Centre, Scotland, yesterday.

The slagging gasifier is the basis of the corporation's plans for converting British coals to substitute natural gas (SNG) when North Sea gas is exhausted.

British Gas is offering licences for SNG plants based on slagging gasifiers of up to 8ft diameter, able to convert 600-800 tonnes of coal daily, backed by full commercial guarantees.

The refurbished 6ft reactor at Westfield, recommissioned last summer, has more than doubled the previous record of 23 days' uninterrupted operation. The development team is aiming for what it calls a long demonstration run, lasting up to three months.

Mr Ray Sharman, director of the corporation's International consultancy service, aid it was the only plant of its type in the world and he thought the corporation was at least four years ahead of competitors.

The project has cost about £30m over the past eight years. The gasifier is converting about 300 tonnes of coal a day to gas in what Dr John Gray, British Gas's research director, calls a real-life demonstration.

The gasifier has proved extremely robust in the past interruptions, in the commissioning stage have not interfered with its overall performance, Dr Gray said.

It can be started up from an empty reactor to produce gas in four hours. It can be shut down to "hot standby" in a matter of minutes, and held on standby for at least 48 hours and restarted.

Car output unlikely to touch 1m

THE DISPUTE at BL's Longbridge plant last month which halted output of the Metro seems to have killed any hopes the motor industry had of pushing car production back to 1m this year.

The industry will do well to match 924,000, the 1980 figure and first time since 1958 that it fell below 1m.

The impact of the "tea-break" dispute is seen today in Department of Industry statistics. The provisional estimate, seasonally adjusted, for November was 68,000, well below levels in recent months.

Output was at its lowest since May. Production still topped the very depressed level of November last year, when the total was 62,000.

In January to November 1981, after allowing for changes in classification this year, it was 3 per cent below that period of 1980.

Commercial vehicle production has been hit even harder, this year.

Court to decide on blacking of vessel

By Raymond Hughes, Law Courts Correspondent

THE ABILITY of the International Transport Workers Federation to continue in UK ports its battle against ships flying flags of convenience is at stake in a case to be heard in the Court of Appeal today.

The court will have to decide whether action taken by the ITF against a ship it has "blacked" at Hull is secondary action and illegal under the 1980 Employment Act.

At the request of the ITF lock keepers at Hull, employed by the port authority, have refused to let the general cargo vessel Antama out of the harbour.

The central issue will be whether a contract exists for the supply of services to the vessel's owners by the port authority.

If there is a contract, the secondary action is permitted: if there is not, the action is illegal.

If the court rules that there is no contract the ITF's ability to take industrial action in UK ports will be seriously affected.

On Friday Marina Shipping, the owner of the Antama, which flies the Maltese flag, obtained a temporary injunction in the Commercial Court stopping two ITF officials from continuing the blacking.

Yesterday the appeal court suspended the injunction until today to enable the ITF's appeal to be heard.

Mr Leonard Hoffman, QC, for the ITF, said a substantial part of the crew had gone on strike and been sacked. The Department of Trade had banned the vessel from sailing because she was undermanned, and the owners were recruiting a strike-breaking crew.

Inland Revenue's ideas reflect free competition enthusiasm

Tim Dickson looks at new proposals on tax havens

THE INLAND REVENU'S proposed new measures to counter international tax avoidance, by companies would involve four main changes if implemented in next year's Finance Bill.

The draft clauses, to be discussed further before a decision is made to introduce legislation, were published yesterday, almost a year after the appearance of two consultative documents on Company Residence and Tax Havens, and the Corporate Sector.

Strong opposition to many of the ideas has since been voiced by tax accountants, business lobby groups and others, but it was clear yesterday that at this stage much of their pleading had been ignored.

An important proposal in the draft clauses is abolition of Section 482 of the Taxes Act 1970, which forbids emigration of companies, and certain other transactions, without the consent of the Treasury.

Section 482 was introduced in 1951, and was largely a response to UK-based mining and plantation companies with large overseas operations which were trying to slip out of the UK tax net.

The section contains criminal sanctions, and since abolition of exchange controls, and official enthusiasm for fre competition, it is considered inappropriate.

The authorities, however, did not feel they could repeal Section 482 without re-defining what they meant by "company residence."

This is the basis of the second proposal to introduce criteria more in keeping "with present-day commercial reality" for determining whether a company is resident in Britain for tax purposes.

Under present case law this is defined by reference to "the place where the highest functions of management and control are exercised," even though this may involve little or no intervention in the day-to-day management of the business.

The new definition will be designed to identify residence with the place where the company's business as a whole is managed, rather than where its affairs are controlled.

The Inland Revenue says that this will lead to no change in the residence status of most companies, and that there will be no risk of a company with a presence in the UK which is genuinely only that of a branch being regarded as resident in this country.

The proposals on tax havens will be seen very much in the light of moves by Governments elsewhere to clamp down on what they see as tax avoidance.

Broadly following the original consultative document, they affect overseas companies under UK control which enjoy a low effective rate of tax.

Any UK resident company with a direct or indirect interest of 10 per cent or more in such a company will be liable for a pro rata share of corporation tax, computed on the income as though the company were resident in the UK.

The purpose is to remove the tax advantage of accumulating income in low tax areas, but the proposals do not apply to companies in "genuine trading activities," cases where the company remits much of its commercial profits to the UK, and where the profits were from bona fide commercial transactions and tax avoidance was not a main object.

The draft clauses would remove the tax advantages available where an overseas subsidiary remits profits to its UK parent company in the form of an "upstream loan" instead of a dividend.

Comments on the draft legislation are invited before February 26. Copies from Room 8, New Wing, Somerset House, £2 post free.

UK NEWS

Working party to study BR finances

Sir Peter Parker has welcomed an investigation of the railways' future. Lynton McLain reports

THE GOVERNMENT and British Rail will set up an independent working party to review the objectives and financial framework of the railways.

This was confirmed yesterday by British Rail and the Transport Department. No members of the proposed working party have yet been appointed and the terms of reference for the inquiry have still to be decided.

The Transport Department said it had no short list of names for the working party and all suggested names which have been published so far were "wrong and just wild speculation." British Rail said it did not expect the terms of reference or the names of the members of the working party *to be finalised "this side of* Christmas."

The idea of an independent inquiry into BR's finances and its broader objectives came *from Sir Peter Parker, the* chairman of the railways' board in September, in a suggestion he put to Mr Norman Fowler, who was then the Transport Secretary.

Sir Peter said yesterday he was "delighted the new Secretary of State, Mr David Howell, has taken up the proposal. Now let us get on with it."

Sir Peter was speaking in Doncaster after opening a £40m *signal box and signalling* scheme. The box replaced 52 old and mainly manual signal boxes. The scheme had been built for exactly the amount in real terms forecast seven years ago.

Sir Peter believes BR's financial framework needs to be changed. The railways board has regularly operated inside *the Government-imposed external* finance limits and yet the penalty for attaining this has been severe constraint on BR's ability to spend all the investment money sanctioned by the Government.

One result has been deliberate cuts in track maintenance. Last week the full board of British Rail decided further cuts in that area would be needed if BR was to stay *within the new £950m external* finance limit set by the Government for 1982-83.

This is a rise of 3.26 per cent in cash terms and represents a substantial cut in real terms compared with the current limit of £920m.

Overriding these difficulties is BR's own forecast that it will make a £140m operating loss in *the current calendar year.*

This loss is about twice that recorded in 1980. The difficulties are attributed by BR to the effects of the recession on its passenger and freight businesses.

But BR has also suffered in the face of its own high fares and the growing competition from cheap travel offers on express motorway coaches. One result is that BR is considering *abandoning its former strategy* of charging high fares as a way of increasing revenue.

The first stage of this policy is already in force with the extensive range of cheap fares from the provinces to London. Later this week these "London Saver" fares will be made available to Londoners.

The intention is to increase *the volume of passengers as a* way of persuading the Government that the railways are a *growing, not a declining business.*

BR foreshadowed the need for an independent inquiry into its affairs in its Rail Policy document published in March.

This said: "Working with the Government, BR will aim to achieve a simplification of financial controls within which it would have greater flexibility of decision, including opportunities for private sector funding."

Private sector finding had already been made possible by the Transport Act 1981, but Sir *Peter believed that the time* had come for a more wide-ranging inquiry.

Sir Peter said he was anxious to see what kind of longer term financing plan was needed to improve the railways in the 1980s and beyond.

"That is why my board put to the Secretary of State the suggestion of a working party *to review our objectives and* our present and foreseeable resources."

Passenger problems for Tyne and Wear's new Metro

BY NICK GARNETT, NORTHERN CORRESPONDENT

***THE INTEGRATION** of the* Tyne and Wear Metro light railway with bus services in the area has created a series of problems for transport authorities.

Part of the difficulty rests with the unforeseen number of travellers using the Metro (shown right). The second of its four phases was opened last month.

The system was integrated with bus services two weeks ago. On the first Saturday of the integrated operation, 9,000 *people an hour were brought* across the Tyne, compared to the normal 4,800.

Tyne and Wear County Council said yesterday central government cash restraints, which forced the operating authority to use two-carriage rather than three-carriage trains, were already causing difficulties.

Much of the difficulty seems to have arisen out of the integration with the bus services, and the response of the public, staff and management.

The Tyne and Wear Passenger Transport Executive said yesterday it was a victim of the Metro's success. There were problems—some more acute that others—and there would have to be adjustments.

One-tenth of the 1,000 buses operated by the National Bus Company, the Passenger Transport Executive and United Bus Services, are *intended to be withdrawn with* a saving of £11m in a full year.

Feeding buses into the four main Metro interchanges has meant widespread alterations in routes and frequencies, and some bus drivers have found it difficult to navigate.

The first week produced a flood of complaints with passengers saying journeys were taking three times longer than before.

One of a number of petitions, signed by 6,000 residents, has appealed for bus routes to be restarted *across the Tyne. In some* areas buses have been put on to support the Metro.

Two of the NBC's 16 depots have only just reopened, after *a strike in a dispute over pay* parity with PTE drivers when operating within the boundary.

Some members of the public *are finding it difficult to get* used to the system, which includes the use of through bus and rail tickets.

Mr Eric Hutchinson, the Passenger Transport Executive's director of integrated services, said early this week there were clear signs that some of the problems were being overcome and that the public had become more adapted to the changes.

The executive said it already viewed the scheme as a success. It was inevitable *that there would be initial* problems. These were being monitored.

Some sections of the community are worried that the *Metro might be too successful.* Traders in Gateshead have complained to the County that the town across the Tyne from Newcastle may become a shopping ghost town.

London Clearing Banks' balances

as at November 18, 1981

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK banking sector	8,001		+291	
UK private sector	45,267		+220	
UK public sector	799		− 5	
Overseas residents	5,285		+ 92	
Certificates of deposit	2,382		+284	
		61,735		+882
of which: Sight		20,595		+342
Time (inc. CD's)		41,140		+539
Foreign currency deposits:				
UK banking sector	12,794		−815	
Other UK residents	3,229		−249	
Overseas residents	28,084		+717	
Certificates of deposit	2,732		+218	
		46,840		−129
Total deposits		108,575		+753
Other liabilities*		14,122		+189
TOTAL LIABILITIES		122,697		+941
ASSETS				
Sterling				
Cash and balances with Bank of England		1,260		− 8
Market loans:				
Discount market	2,360		− 53	
UK banks	9,508		− 98	
Certificates of deposit	1,581		+105	
Local authorities	1,447		+ 81	
Other	1,723		+ 8	
		16,619		+ 42

	Total outstanding £m	£m	Change on month £m	£m
Bills:				
Treasury bills	355		− 31	
Other bills	1,136		−229	
		1,491		−259
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,645		− 32	
Other	2,240		+ 20	
		4,885		− 31
Advances:				
UK private sector	37,823		+1,211	
UK public sector	561		+ 46	
Overseas residents	3,190		−170	
		41,574		+1,087
Other sterling assets*		7,903		+ 39
Foreign currencies				
Market loans:				
UK banks and discount market	12,742		+354	
Certificates of deposit	282		+ 14	
Other	19,391		−518	
		32,415		−150
Bills		33		+ 1
Advances:				
UK private sector	2,762		− 80	
UK public sector	456		+ 9	
Overseas residents	10,653		+288	
		13,871		+216
Other foreign currency assets*		2,620		+ 4
TOTAL ASSETS		122,697		+941
Acceptances		1,375		+160

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing	TOTAL Change on month	BARCLAYS Out-standing	BARCLAYS Change on month	LLOYDS Out-standing	LLOYDS Change on month	MIDLAND Out-standing	MIDLAND Change on month	NATIONAL WESTMINSTER Out-standing	NATIONAL WESTMINSTER Change on month	WILLIAMS & GLYN'S Out-standing	WILLIAMS & GLYN'S Change on month
LIABILITIES	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Total deposits	108,575	+753	31,093	+144	18,514	+652	22,136	− 43	33,675	− 8	3,137	+ 10
ASSETS												
Cash and balances with Bank of England	1,260	− 8	341	− 66	271	+ 72	247	+ 12	349	− 39	52	+ 13
Market loans:												
UK banks and discount market	24,611	+202	6,805	−103	3,615	+624	3,484	−202	9,942	−138	765	+ 21
Other	24,424	−310	7,268	− 59	5,038	+135	4,071	−138	7,311	−212	735	− 36
Bills	1,544	−258	438	+ 41	325	−169	322	− 33	433	− 75	26	− 22
British Government stocks	2,645	− 32	698	− 54	496	—	774	− 4	625	+ 7	52	—
Advances	55,444	+1,304	16,380	+444	9,425	− 4	12,467	+231	15,566	+599	1,607	+ 34
TABLE 3. ELIGIBLE LIABILITIES (Parent banks only)	38,254	+1,251	12,055	+466	6,290	+269	8,840	+250	9,768	+223	1,300	+ 32

*The formula for calculating eligible liabilities was changed on a transitional basis as from 20th August 1981. It is not possible, therefore, to calculate accurately the change on month.

Government reconsiders heavy lorry regulations

By Lynton McLain, Transport Correspondent

THE GOVERNMENT is considering amending the draft regulations on heavy lorries which Mr David Howell, the Transport Secretary, presented to Parliament last week.

The regulations provoked protests from MPs of all parties, *including leading Tory Members* from constituencies affected by heavy lorry traffic.

The draft and the White Paper on policy for Lorries, People and the Environment will be debated in the Commons today.

This follows an Opposition motion that the House, believing, measures proposed in the White Paper were inadequate to solve the problems of existing heavy lorries, was opposed to any increase in heavy lorry weights.

The Government wants to *raise the maximum legal weight* of lorries by almost a quarter, from 32.5 tonnes to 40 tonnes gross laden weight, to produce economic and environmental benefits.

Other measures are proposed. They include increased priority for bypasses, further tight controls on noise emission and better safety standards.

Mr Howell is expected to confirm, in a government amendment to the opposition motion, that the regulations are in draft form.

He told MPs last week, when he presented the White Paper, that the Government had an open mind to new evidence that might be brought forward on this difficult issue.

In spite of this assurance the Commons debate this evening is expected to be even more lively than the scene last week when a majority of Tory MPs who spoke criticised the Government severely for its proposals.

The proposals and how heavier lorries' environmental problems should be tackled were based on the assumption that the introduction of heavier lorries would actually reduce the impact of lorries on the environment. Mr Howell said this was because fewer heavier lorries would be needed.

He said the existing total of 78,700 heavy lorries at the current top weight of 32.5 tonnes *could be replaced by 9,400* fewer lorries if maximum weights were permitted to rise to 34 tonnes, 38 tonnes and 40 tonnes.

These figures for fewer lorries are based, however, on the assumption economic activity remains at the current low level. Any increase in economic activity this decade and in the 1990s would result in higher demand for lorries and more lorries would be on the roads, including more heavier lorries, than now.

The Armitage report on lorries, people and the environment, which led to the White Paper, said lorry traffic, if no weight increase were permitted, would by the end of the century operate 14.41bn miles, in a huge economic-growth case.

This compared with 13.35bn miles now and 13.89bn miles if heavier lorries were allowed, by 2000.

Other measures called for by Mr Howell include tougher noise standards to 1983 and higher braking standards.

These proposals were in hand by the Government. The Department confirmed yesterday that they are not a new initiative in response to the 58 recommendations of the Armitage report. Nor can they be considered as extra environmental protection measures to balance introduc*tion of heavier lorries.*

Nevertheless, the Government wants to ensure that by 1990 lorries are not noisier than existing saloon cars. That is a new initiative.

Syndicate rescues Carruthers

By Mark Meredith, Scottish Correspondent

I. H. CARRUTHERS, the East Kilbridge electric crane manufacturers, has re-opened following a rescue operation involving former managers as well as public and private investment.

The rescue allowed the works to re-open on Monday. The company was shut on Friday by the Burmah Group as a loss-maker with poor trading prospects. The company, which manufactures travelling cranes, had lost about £1.5m annually.

The 210 staff were paid off, but during the past few weeks management staff under Mr William Cowan, a former director brought back from retire*ment, formed a syndicate to* re-open the works.

The syndicate, which bought the plant from Burmah, is called Desino. It includes the Scottish Development Agency, the Industrial and Commercial Finance Corporation, Melville Street Investment and the Clydesdale Bank, as well as the former management personnel.

A £375,000 financial package was also drawn up with equal input from the SDA, the ICFC and Melville Street to allow business to resume.

The Carruthers plant re-opened with 100 of its former workers. Management representatives said they expected a turnover of £3m in the com*ing year.*

Work scheme for school leavers to be expanded

BY LISA WOOD

THE Industrial and Commercial Finance Corporation, a body funded by the Bank of England and the major clearing banks, is to expand its "Work and Learn" programme for school-*leavers.*

The three-month-old programme, which offers about 80 places in Birmingham and Manchester, is to be extended to Windsor and possibly also London, Gloucester and Newcastle-upon-Tyne.

The one-year training programme, which combines work experience with theory and life *skills, is based on similar principles* to the Manpower Services Commission's New Training Initiative which recommends a radical re-appraisal of the link between school and work.

The MSC's proposal is that all *school leavers who do not go* on to higher education will eventually be offered a year-long programme of work experience and further education.

Mr Tolly Taylor, of ICFC Consultancy, said the unique features of the ICFC scheme were that work exeprience was monitored and that classroom and work experience were *integrated.*

Construction industry builds on training

FINANCIAL TIMES REPORTER

THE construction industry is now *more aware of the full* value of training according to the Construction Industry Training Board's 1980-81 Annual Report.

This new awareness, said the report, had meant that the level of craft training, while below that of previous years, had held up remarkably well despite the recession.

The organisation, implementation and control of the board's first year off-the-job training schemes for craft trainees remained the major activity of *the field staff.*

Unemployment in the construction industry is now one in four of the workforce—about twice the national average. The number of trainees sponsored by employers for first year off-the-job training fell by 14 per cent in 1980-81 compared with 1979-80.

Mr Leslie Kemp, the board's chairman, emphasised the appreciation shown by the industry for the board's work.

Change in business structures predicted

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A DRAMATIC change in the organisation of industry during the next 20 years, was forecast yesterday by Sir Adrian Cadbury, chairman of Cadbury Schweppes.

He *suggested that large* companies would disappear and develop into federations of smaller enterprises, traditional hierarchical management structures would be replaced by "teams of equals" and employees would negotiate individual contracts for the hours they wanted to work.

Sir Adrian presented this vision of the year 2000 AD in Paris at a conference commemorating the centenary of L'Ecole des Hautes Etudes Commerciales.

"We will be managing in an unstable world of slow growth and we have not yet fully appreciated how much we relied on growth to solve our problems in the past," he said.

If world trading relationships continued their current pattern, companies would have to operate in an environment of "instability, slow growth, severe competition and high unemployment." Companies would have to cut costs and become more flexible.

"To achieve these aims means reversing the trend of the last 20 *years towards* large centralised organisations. We will want, in future, to break these organisations down into their separate business units and to give those units freedom to compete in their particular markets.

Larger companies would become more like federations of small enterprises—not because 'small is beautiful' but because big is expensive and inflexible," said Sir Adrian.

An individual business unit would *try to cut costs and* would only retain essential activities under its control.

Larger compaeins would follow the lead of small firms and would concentrate their efforts on the "core activities of their businesses." They would rely on specialist suppliers for services such as computing, design, security and machinery installation.

Many of these suppliers would be self-employed, meeting the increasing desire of people to organise their working lives as they wished. They would decide for themselves when and for how long to work.

"I cannot see the traditional management pyramid continuing to be an effective form of organisation. Its hierarchical levels make it slow to react and they stifle creativity.

"I would expect business units to be run by small teams of equals, the balance of individuals and skills in each team being determined by its immediate task. This would give a *flat management structure* and one which could adapt quickly to changing markets."

Autonomy could lead to anarchy, warned Sir Adrian. "We will have to hold the organisation together by establishing a common view of the aims of the enterprise."

Casu wins £800,000 order for Telecom computer

BY JASON CRISP

ONE OF Britain's smallest computer companies has won an order worth *£800,000 from* British Telecom for a new micro computer which was officially launched yesterday.

Casu, founded in 1977, has doubled its sales this year to £2.4m mainly through contracts from the Government and British Telecom. It is one of three British companies on the list of nine suppliers of small computers approved by the Government's Central Computer and Telecommunications Agency.

Much of the company's growth has been boosted by sales to British Telecom which this year accounted for 60 per cent of its business.

British Telecom has over 700 small computers supplied by three British firms. The machines used for a wide range of tasks from monitoring usage of the telephone network to the *analysis of sickness records.*

The company said yesterday that orders from central Government had been fairly slow since the list of approved *suppliers* was introduced in March this year. It expected sales would increase once Government departments finished evaluating the computers.

Casu's new micro-computer launched yesterday costs £3,000 compared with a slightly more sophisticated model it has been selling to date which costs £4,905.

● Modus Systems, a small computer company based in Baldock, Herts, has been lent £50,000 by the British Technology Group, the merged National Enterprise Board and the National Research and Development Corporation.

Richardson to lead group of central bank governors

BY DAVID MARSH

MR GORDON RICHARDSON, the Bank of England governor, yesterday received an international boost with the announcement of his election to the chairmanship of the world's most select group of central bankers.

Mr Richardson will take over from the beginning of next year as chairman of the informal group of central governors from the 10 main industrialised countries and Switzerland.

The group meets regularly at the Bank for International Settlements in Basle to discuss international monetary issues.

Mr Richardson, 66, will succeed Dr Jelle Zijlstra, president of the Dutch central bank, who retires at the end of the year.

Dr Zijlstra is currently both president of the BIS—a job to be held from next year by Dr Fritz Leutwiler of Switzerland and chairman of the 11-strong group. Leading central banks decided some time ago to split the two functions, but decided to leave the break until Dr Zijlstra's retirement.

Mr Richardson is in the second half of his second term at the Bank of England and is due to retire in 1983. His elec*tion has been seen as a gracious* gesture to one of the senior members of the central banking community rather than as an event likely to bring great practical changes.

Darwin stamps issue

THE CENTENARY of the death of Charles Darwin, the 19th century British naturalist whose "Origins of Species" even now provokes controversy, is marked in a special set of four stamps to be issued by the Post Office on February 10.

All four stamps, designed by David Gentleman, feature Darwin. Three depict Pacific *islands creatures which sparked* off his theory of evolution, and one with prehistoric skulls, reflecting the development of mankind.

The 15½p stamp shows giant tortoises because Darwin was struck by the way each breed of tortoise had developed on different islands to cope with available food supplies. Two iguanas are seen on the 19½p *stamp, finches on the 26p stamp*

Widespread demands for reflation

BY IVOR OWEN

PRESSURE FROM Tory backbenchers for tax cuts in next spring's Budget was acknowledged without commitment by Sir Geoffrey Howe, the Chancellor of the Exchequer, in the Commons last night when he faced renewed demands from all quarters of the House for a reflationary package.

Defending the Government's decision to limit the increase in public expenditure in 1982-1983 to £5bn in cash terms, he again reminded his critics that the Budget represented the other side of the balance sheet.

"At this stage I am neither threatening an increase nor promising a relaxation of the burden of taxation," he said.

Mr Edward Heath, the former PM, Mr Peter Shore, Labour's shadow Chancellor, and Mrs Shirley Williams, in her first speech since triumphing for the SDP-Liberal alliance in the Crosby by-election, powerfully advocated reflationary measures to boost the economy.

All seemed unimpressed by the optimistic terms which the Chancellor again used in forecasting a steady and sustained improvement in the economy with the inflation rate down to 10 per cent and still falling by the end of next year.

Industrial production was now on an upward and not a downward trend, he insisted, and he foresaw a "flattening out" in the increase in unemployment over the next year.

Sir Geoffrey claimed there was mounting evidence that the "signals of recovery in the economy are beginning to multiply" and maintained that this justified the Government's refusal to embark on short-term reflationary measures.

Sir Geoffrey Howe

He stressed that even the most optimistic assessment of the likely effect on unemployment of a £5bn reflationary package was that it would lead to a reduction of only 150,000 to 300,000 in the number on the dole, and that over a five-year period.

Such a modest calculation, the Chancellor asserted, was a measure of the limited success the old cure of a "quick fix" of reflation would meet in present-day circumstances.

Sir Geoffrey also reiterated the Prime Minister's recent denials of Government inflexibility and pointed to the Cabinet deliberations on the public expenditure programme for the coming years as an example of a "conscious and deliberate response to changed circumstances."

He also refused to commit himself on the scale of public borrowing in the coming financial year, but underlined the objectives which would govern the eventual decision.

The public sector borrowing requirement, he said, must be modest enough to offer a prospect of lower interest rates, and fit a framework of monetary policy which took proper account of the exchange rate, while exerting steady downward pressure on the growth of the monetary variables.

Mr Heath interpreted the Chancellor's reference to the exchange rate as a significant change of approach.

It was an indication that there had been a "veer" by the Government on to the right course.

The Prime Minister sat unsmiling as Mr Heath commented, amid Opposition laughter: "I am not asking for a U turn. I would never ask for that because I know it could never be brought about, and I am trying to be as helpful as I can."

At the same time he emphasised that the Budget would provide the clearest evidence of the extent of the change of direction in Government policy. He put down three "markers" which the Chancellor should bear in mind.

These covered the restoration of the full value of unemployment benefit, a reduction in the employers' national insurance surcharge, and the provision of adequate finance for education.

Mr Heath said he "disliked intensely" the idea of a cut in the real value of unemployment benefit, and warned that if the Budget did not take the necessary corrective action, he would need a great deal of persuasion that such a course was inescapable.

Mr Heath declared: "I find the argument that because of the rest of us have to suffer a reduction in our standard of living, that therefore the unemployed have to bear their share completely fallacious and unacceptable."

Mr Heath returned to the need for an incomes policy.

"This surely is a moment when there ought to be intensive discussions between employers and the unions on the importance of establishing a system of pay bargaining, to enable us to expand without running the risk of inflation which is greater than that in other countries."

Mr Shore maintained that the optimism voiced by the Chancellor had been no more convincing than when he expressed similar views earlier in the year.

He contended that if the public sector borrowing requirement were to be reduced in 1982-83 in line with the target announced last March, it would inevitably mean — given last week's public expenditure statement — an increase in taxation and further fiscal deflation.

Mr Shore called on the Government to abandon its medium-term financial strategy, which he protested, had put the British economy well on the road to ruin.

He agreed with Sir Ian Gilmour (Con., Amersham), who was sacked from the Cabinet in January, that it was a question of either saying goodbye to the medium-term financial strategy or saying goodbye to the British economy.

Cash cuts threaten Tornado deliveries

FINANCIAL TIMES REPORTER

FINANCIAL PROBLEMS are slowing down deliveries of the new Tornado ground attack aircraft to the RAF, Mr Geoffrey Pattie, Defence Procurement Minister, confirmed yesterday.

He told MPs at Question Time in the Commons that following a proposal by Herr Hans Apel, West German Defence Minister, Britain was considering with her German and Italian partners in the Tornado project changing delivery rates to help relieve pressures on defence budgets. But no decision has been made.

Around £1,000m worth of Tornados are due to be delivered to the RAF in the next financial year. The Luftwaffe, particularly, has been finding the cost of the Tornado programme increasingly difficult to bear.

The RAF has ordered 220 of the ground attack version, each costing £12m, and 165 of the air defence variant, each priced at £14.3m.

Plans announced in the June Defence Review to switch production of 20 of the ground attack versions to the air defence role—making a total of 185 interceptors—are seriously threatened by the slowing of the Tornado production line, according to Whitehall sources.

The Defence Ministry also is finding it difficult to find £60m necessary for the extra fighters, intended to fill the "gap" in numbers of planes defending Britain.

Mr Pattie today made it clear that any slowing in production rates would affect deliveries of the ground attack version of the Tornado, not the air defence fighter.

● British Aerospace Dynamics and Marconi Space and Defence Systems have won a contract worth more than £80m to supply two communications satellites for Britain's Armed Forces.

The two satellites, codenamed Skynet 4a and Skynet 4b, will be perched in orbit 22,500 miles above the earth's equator to provide instant strategic and tactical communications worldwide for seven years.

Plans for the launch, in 1985, have yet to be finalised. The satellites could be put into orbit by the American space shuttle, a USAF Thor-Delta rocket, or the European space project Ariane.

Commons Sketch

Ghostly cheer for the Chancellor

THE CHANCELLOR was faced with an almost impossible task when he came to the Commons yesterday to open the debate on last week's economic package.

The Tory dissidents were not only demanding that he produce some seasonal cheer. They also seemed to expect him to transform himself suddenly into a silver-tongued orator.

It was rather like asking him to dress up as Santa Claus and then perform a Christmas miracle for good measure.

Certainy, the Chancellor strived to do his best to fulfill these expectations.

Raking through the econmic entrails, he professed to find considerable grounds for optimism. Construction industry rders and total industrial output were moving up, according to the latest figures, and exports were doing well.

"The picture is of real progress in the right direction," he declared.

The silent Conservative backbenchers seemed unimpressed, particularly Sir Ian Gilmour, the former Conservative Cabinet Minister.

He intervened to ask how Sir Geoffrey could talk about reducing unemployment, when the Treasury's own forecast was for a substantial increase in the number of jobless over the next 12 months.

Bravely, Sir Geoffrey made an uncharacteristic attempt at rhetoric: "Let's hear no more talk about a Scrooge-like Chancellor, particularly from the wraith-like figures opposite — the Ghosts of Christmas Past."

As he resumed his seat, only the most perfunctory cheer went up from some of the Tory loyalists. Then came a bitter denunciation from Mr Peter Shore, Labour's economic spokesman.

Wringing his hands, like Marley's Ghost, he declared: "We are on the road to ruin. Either we say farewell to medium-term strategy or we say goodbye to the British economy."

This was followed by the appearance of Mr Edward Heath, the former Tory Prime Minister, in the unlikely guise of the jovial Ghost of Christmas Present.

For 2½ years he has sat below the gangway brooding over his revenge on those who had cast him into the wilderness.

Now the time had arrived and he seemed to be enjoying every minute of it in a speech which was almost as ferocious as Mr Shore's in his denunciation of the monetarists.

Grinning from ear to ear, he announced that he meant only to be helpful.

"I am not asking for a U-turn. I know it would never be brought about. All I want is just a 'veer' by the Government on the right course."

In fact, Mr Heath thought that this gentle manoeuvre was already starting and the Government was moving "beautifully round the curve."

Innocently, he invited the Chancellor to clear up the great monetar istmystery and tell the House in simple language when and how recovery was supposed to start.

There was a particularly lively clash with that veteran monetarist, Mr Enoch Powell, who, it will be remembered, was sacked from the Tory Cabinet by Mr Heath.

In a difference of oponion over the OPEC surpluses, Mr Powell advised his old adversary to "take the silly grin" off his face.

But Ted was enjoying himself too much to oblige.

"Ah, he mused, "the Right Hon. Gentleman can ask a great deal, but it is too much to ask me to do that."

All this unpleasantness makes one wonder whatever became of those jolly Christmastides we knew in the goold old days.

It seems to bear out the fashionable theory of American psychologists who have hit on the Christmas depression syndrome and nicknamed it "the Yuletide blues."

John Hunt

Jail staff face no charges over demonstration

Financial Times Reporter

CRIMINAL proceedings will not be taken against staff following a prisoners' demonstration at London's Wormwood Scrubs jail two years ago, Mr William Whitelaw, Home Secretary announced yesterday.

In a Commons written reply, Mr Whitelaw said no proceedings were justified.

The Government is to publish full details of the demonstration on August 31, 1979, when 220 prisoners took part in a sit-in to protest about a Home Office circular containing information which apparently restricted prisoners' privileges.

The demonstration was broken up by 300 prison officers armed with staves.

WELL STRAPPED-IN: Mr David Howell, Transport Secretary, who yesterday announced partial exemptions for police, firement and delivery drivers to legislation intended to make the wearing of car seat-belts compulsory.

MPs to demand more powers for Comptroller

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

NEW PRESSURES are to be put on the Government to increase the powers of the Comptroller and Auditor General.

Mr Joel Barnett, chairman of the Public Accounts Committee, which produced the original report on the role of the CAG, was yesterday collecting signatures from MPs of all parties for a Commons motion urging the Government to introduce legislation to "allow proper accountability to the House of Commons."

His plan was not to put the motion down on the Order paper until it had been signed by well over 100 backbenchers, so as to maximise its impact. He believes as many as 200 MPs may eventually be prepared to sign it, thus putting very strong pressure on the Government to reconsider its refusal to give the CAG access to the accounts of nationalised industries and other public sector bodies.

The decision to put down the motion follows what Mr Barnett and Mr Edward Du Cann, chairman of the all-party Treasury Committee, believe was a totally unsatisfactory response from the Government to the Public Accounts Committee's proposals for expanding the role of the CAG.

Thatcher hits at Soviet treatment of Sakharovs

Financial Times Reporter

THE PRIME MINISTER yesterday condemned the Soviet Government's treatment of Nobel Peace Prize winner Dr Andrei Sakharov and his wife, and urged it to stop harassing them.

Mrs Thatcher accused the Russians of "blatant disregard" of their commitment under the Helsinki Agreement on Human Rights, and called on authorities to allow Mrs Liza Alexeyevna, the wife of Dr Sakharov's stepson, to join her husband in the U.S.

Dr and Mrs Sakharov, who have been on hunger strike in an attempt to force the authorities to let Mrs Alexeyevna join her husband, were taken into enforced medical care at the weekend.

Mrs Thatcher said during Commons Question Time: "This Government has frequently made representations with regard to the blatant disregard of the Soviet Union of its commitments under the Helsinki final act.

"We deplore the circumstances which led Dr and Mrs Sakharov to go on hunger strike. We hope very much that the Soviet authorities will let the wife of Dr Sakharov's stepson join her husband in the U.S.,

Anger at Gibraltar plans

THE GOVERNMENT was criticised by Tory backbencers yesterday over its plans to close Gibraltar's dockyard and run down the naval and air base.

Mr Peter Blaker, Defence Minister of State, assured MPs he would be discussing the plans next week with Gibraltar's leaders. They regarded as "reasonable" the chances to commercialise the dockyard.

During Commons Question Time, Mr Michael Latham (Con., Melton) called on Mr Blaker to visit Gibraltar.

"Shutting the dockyard and restricting the use of the vital air strip is simply not an honourable way to treat some of Her Majesty's most devoted and loyal subjects," Mr Latham said.

"Will you go forthwith to Gibraltar and meet the local people there and reassure them this is simply not a Foreign Office ploy to force them into the arms of Spain?"

Mr Albert McQuarrie (Con., Aberdeenshire E.) threatened a backbench revolt if the Government were to propose complete closure of the island's dockyard.

Peers seek bigger role for science

BY DAVID FISHLOCK, SCIENCE EDITOR

THE "scientific dimension" in Government needs to be strengthened, the Lords select committee on science and technology concludes in a report published today.

Scientific advice received by Government would then be understood and translated into administrative action," the report says.

The peers urge the Government to make scientific and technical knowledge "as much an integral part of the civil servant's background as any other discipline."

"The suspicion between the scientific community and the administrative Civil Service, revealed by the evidence, is very disturbing and must be dispelled."

The report acknowledges that it cannot be done quickly, and that previous attempts have failed. But immediate gains could be made by arranging greater mobility in and out of the Civil Service, and by more positive career management for scientific civil servants.

"As a commodity, advice may be cheap for it is profusely given," the report concludes. "More precious is the ability to appreciate it and to secure the co-operation of the best advisers."

The peers find that not all the functions of a national science and technology council are being fulfilled by present arrangements for top-level science advice in Whitehall.

The Prime Minister was acting as Minister for Science and Technology, even though it was questionable whether she had time to perform the role "in the way a less preoccupied Minister might."

They believe a Cabinet Minister should be designated to speak on science and technology, in addition to having other responsibilities. "A case without an advocate is liable to be lost or forgotten," their report observes.

They also urge the appointment of a chief scientific adviser of higher rank than the present incumbent, Dr Robin Nicholson—that is, of at least second permanent secretary rank.

Science and Government, Vol. I; SO; £3.95.

Ford unions urge all-out strike from January 5

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNION officials will today ask Ford's 54,080 manual workers to go on all-out strike from January 5.

Mr Ron Todd, the chief union negotiator, said last night he was "absolutely certain" that workers would overwhelmingly reject the company's 7.4 per cent pay offer coupled with a far-reaching productivity package.

The vote taken yesterday on strike action among shop stewards from all Ford's UK plants was unanimous. At the same time, the four-week period between yesterday's vote and the beginning of a strike leaves both sides time for manoeuvre.

However, the company told the unions last week that its offer was final, and that it must have guarantees of improved efficiency if it is to safeguard its UK business. It said last night it had no plans to call for further meetings between now and January 5.

The unions are proceding on the basis that there will be no further talks. They are attempting to ensure that a strike will be as effective as possible.

Mr Todd will today talk to his opposite numbers at Ford plants in West Germany, France and Belgium, and ask for an embargo on exports of cars and parts from the Continent to the UK in the event of action.

Mr Todd said he would also look to other members of his own union, the Transport and General Workers Union, for support during a strike. The TGWU organises dockers and lorry drivers, and could mount an effective blockade of the company if its members agreed to support the action.

Ford discounts the possibility of European co-operation, saying that its continental workers will do no more than express sympathy. The company has stressed repeatedly throughout these negotiations that the future of Ford UK is at stake, and that working practices must be brought up to the level of its continental plants and its European competitors.

Both sides have circulated broadsheets urging workers to reject or accept the offer. The union leaflet says that the offer is well below the current inflation rate, and does not offer enough to pay for the increased efficiency demanded by Ford.

The Ford employee bulletin argues that the increase is above other settlements in the industry, that productivity improvements are reasonable and essential to secure Ford's future. It says that, if accepted, the pay deal will be backdated until November 24.

Steel workers to discuss BSC offer on pay

BY IVO DAWNAY, LABOUR STAFF

LEADERS of the Iron and Steel Trades Confederation are to meet today to discuss the British Steel Corporation's response to their formula for averting industrial action.

The ISTC is asking for the incorporation of local pay awards—to be made in return for job losses—into basic wage rates instead of being given in the form of lump sum payments.

It is also seeking the introduction of a 39 hour week from next month and not in January 1983, as the BSC has offered.

Both sides were thought to be near agreement after lengthy talks last Wednesday. However, negotiations were later broken off amid threats of industrial action if the company did not withdraw redundancy notices issued at the Port Talbot plant in South Wales.

The BSC wants to negotiate next year's pay settlements at local level only, linked to a further round of up to 19,000 job cuts.

The ISTC's position is weakened by a decision by craft and general unions, representing over one-third of the workforce, to accept local pay bargaining.

Union rivalries sink showpiece port

BY BRIAN GROOM, LABOUR STAFF

THE PORT of Southampton has had a wretched year. With no end in sight to nine months of almost continuous labour disputes, it has earned the dubious crown as Britain's most industrially troubled docks.

"Places like Hull and Liverpool used to wear the crown, but now it's us," said Mr Richard Geary, trade section chairman of the local Institute of Freight Forwarders.

Southampton, Britain's biggest container port and a show piece of modern cargo-handling, was hit by a four-month dockers' pay dispute in the spring and is now at one-third of cargo capacity because of a related row over shift working by 150 cargo checkers.

It has suffered a devastating loss of business, and fears are growing that much of it will not return. The Trio and SAECS consortiums, which provide two-thirds of Southampton's lucrative container traffic, have temporarily abandoned the port and are pondering longer-term options if there is no prospect of peace.

Apart from shipping lines, local traders have been hit and there have been closures and redundancies among freight forwarders. Southampton University estimates 30,000 people are affected by the port's fortunes.

The state-owned British Transport Docks Board sees Southampton as a prize possession and pins on it many hopes of future profit. But the disputes mean the port will lose millions this year—adding to the doubts over how attractive the BTDB will prove when the Government eventually offers 49 per cent of it to the public.

The root of the trouble lies in Southampton's history as a railway port. This has left it with groups such as checkers, clerks, foremen and crane drivers in the National Union of Railwaymen and the Transport and Salaried Staffs Association, many of them doing work which in other ports would be the preserve of registered dockers in the Transport and General Workers' Union.

Rivalries between these groups and the dockers over disputed work and comparative earnings have simmered for years, and the Docks Board is severely criticised by port users for having bought peace in earlier, more prosperous years. These chickens, along with familiar port problems of overmanning and surplus labour, are coming home to roost in a vicious recession year.

The damaging dockers' dispute centred around a claim for a £26 rise in basic pay to £120 a week, on the grounds that their gross average wages of about £146 had fallen substantially behind those of non-registered workers in the container berths.

The dispute ended with an 18-month pay deal. The Docks Board, although it regarded the comparison as invalid, decided to tackle the fundamental problem by harmonising the different shift systems which allowed differencies in gross earnings to arise.

That opened a can of worms. In effect it meant cutting the earnings of the other groups to something like those of the dockers, which would now be a gross average of £177 a week if the port were working normally.

All agreed in principle, but it led to a dispute with the checkers, who reduced cargo-handling to a one-day shift, five days a week, for ten weeks.

The system which checkers have been asked to give up provided high earnings to those prepared to work long hours. They had a two-shift system and an overtime shift, compared with the dockers' three shifts.

The checkers' high overtime incensed the dockers at a time when hundreds of them were being sent home on fall-back pay. There were 800 too many dockers a day at the start of the year, and surpluses will persist even though dockers' numbers have so far been cut by 200 to 1,400 under the recent severance scheme.

To make matters worse, the checkers do what the dockers regard as TGWU work under the dock labour scheme. They have long laid claim to the work, and are doing so vocally now.

The BTDB's original plan would have cut checkers' potential earnings by up to £60 a week to about £200, the checkers claim. After national-level conciliation at the Advisory, Conciliation and Arbitration Service, and a report by a mediator under Acas auspices, that sum has been reduced and only four points of difference remain—the most important being manning levels.

Tea break talks move at Cowley

By Arthur Smith

BL CARS will open serious negotiations this week with union leaders at Cowley, Oxford, about cuts in tea breaks and rest periods — the issue that prompted a four-week strike at Longbridge, Birmingham.

Opposition is expected from workers at Cowle, which assembles three models vital to the recovery programme — the Triump Acclaim, a new Rover to be sold next year, and a replacement for the Princess to be launched in the spring.

The company reported that production was back to normal at Longbridge yesterday. Groups of workers, protesting at working alongside blacklegs, delayed the restart oif the successful Metro model on Monday's day and night shifts.

Union leaders have warned of further unrest at the Birmingham plant because of resentment about the proposed cut in tea breaks and higher productivity necessary to fund the 39-hour week.

But the company is moving cautiously to implement the deal. The main provisions are unlikely to be imposed until the New Year, and may be phased in over a three month period.

Civil servants claim 13% increase

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions, which earlier this year mounted a 21-week strike campaign over pay disrupting Government and business operations, yesterday lodged this year's claim for rises of 13 per cent, supported by a minimum increase of £12.50 a week.

The Government is unlikely to reply quickly to the claim, which covers 540,000 white-collar civil servants. The Treasury will wait until the unions submit detailed evidence in support of it. This will be drawn from papers prepared by the individual members of the Council of Civil Service Unions (CCSU).

It seems likely the Government's reply may take the form of a series of offers to different Civil Service occupation groups, in an effort to take greater account of market forces.

In that event, a quick move to arbitration would be likely. The Government has agreed to this in advance, but with the proviso that any award could be referred for Parliamentary scrutiny in the overriding national interest.

The CCSU's major policy committee managed to agree the common claim very quickly yesterday after resolving their differences at earlier meetings.

The main problems had been to move the second largest union, the Society of Civil and Public Servants, which originally pressed for a 21½ per cent claim, away from what it was insisting was its absolute floor of 15 per cent and to get the largest union, the Civil and Public Services Association to agree to including a percentage element in the package.

The claim sent to the Treasury yesterday by Mr Bill Kendall, secretary general of the CCSU, stresses the service's comparable position with other pay levels and states: "Since April 1980 and as a consequence of the unsatisfactory 1981 increase, Civil Service rates of pay have fallen markedly behind those of outside comparitors."

If met in full, the claim would take the minimum rate for a clerical assistant from £63.84 to £76.34; for a clerical officer from £3,976 to £4,625; for an executive officer from £5,724 to £6,468; for a principal from £11,372 to £12,850; and for assistant secretary from £17,685 to £19,984.

The package also includes a repetition of last year's claim on improving annual leave entitlements.

Landslide win for Scargill

BY OUR LABOUR EDITOR

MR ARTHUR SCARGILL, the next president of the National Union of Mineworkers, being congratulated yesterday by the retiring president and his political opponent Mr Joe Gormley after a sensational victory in a coalfield ballot.

Mr Scargill, the militant Yorkshire area president, demolished the opposition by capturing 70 per cent of the vote in an 80 per cent turnout of the 249,000 miners.

The voting was: Mr Trevor Bell, secretary of the white-collar area Cosa, 34,075 (17.3 per cent of the valid vote); Mr Ray Chadburn, Notts area president, 17,979 (9.1 per cent); Mr Bernard Donaghy, Lancashire area president, 6,442 (3.3 per cent) and Mr Scargill 138,803 (70.3 per cent).

Mr Scragill won the contest by the biggest margin in any national election since the union became a national federation in 1945. At 43 he will be the youngest man to hold the office—he takes over in April—and could be in the job for 22 years if the present retirement age of 65 is maintained.

It will also be the first time that both the presidency and the vice-presidency of the NUM are held by strongly committed left-wingers. Mr Michael McGahey, the Communist vice-president was perhaps the main force behind Mr Scargill's campaign — a fact Mr Scargill acknowledged

Total in bid to end ban on overtime

By Our Labour Staff

UNION OFFICIALS will meet Total negotiators tomorrow to try to end an overtime ban by 136 of the oil company's tanker-drivers and depot staff. Staff at its terminals in Leeds, Essex and Langley, near Slough, have defied a shop steward's instruction to return to normal working. They seek an 11 per cent pay award. The company says its 8.1 per cent offer is final.

Total said last night 16 service-stations supplied by Langley had run out of fuel because of the ban. It remained optimistic a speedy end to the dispute would be reached.

Liverpool talks

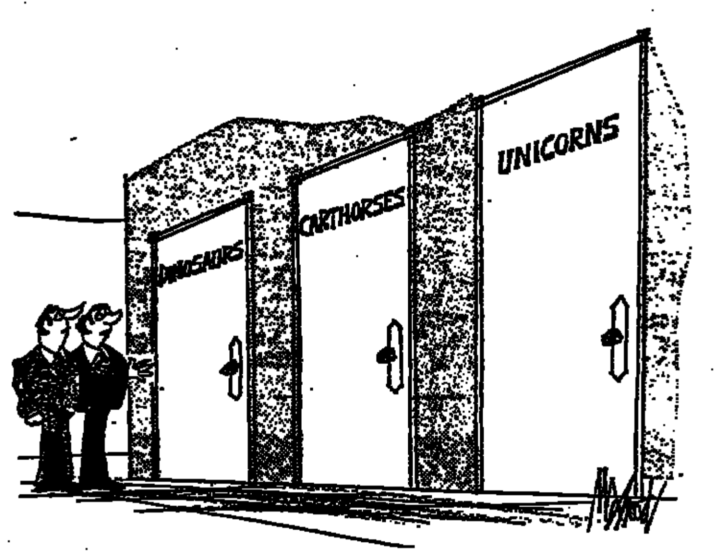
TALKS TO find a peace formula to settle the six-month-old strike of 350 Liverpool Corporation typists, secretaries and machine-operators over a pay regrading claim which broke down last week re-opened yesterday.

Teachers seek 11.7%

UNIONS, representing 500,000 teachers in England and Wales, met local authority employers in London yesterday for pay talks. The teachers want a rise linked to the cost of living—about 11.7 per cent. The employers did not make any offer.

The spectre of lateral promotion

Arnold Kransdorff describes the effect recession may have on career patterns



"The management structure is pretty clear-cut here"

THE TRADITIONAL pattern of promotion for managers may be a thing of the past. In the good old days (before the 1973 oil crisis, that is) most aspiring managers could go far. With the right education, the necessary ambition and either the right contacts or a fair dollop of luck, the pattern was predictable enough — steady promotion every two or three years.

Not any more. Since those halcyon days a lot of water has passed under the bridge.

Not least, the world trade picture has been uncomfortably bleak; the economies of many Western countries have staggered, faltered and then plunged into deep recession. And the shortages of young and highly-trained people have turned into a glut of horrifying proportions.

Unfortunately, existing management structures and policies have not changed to accommodate the new order and individuals are still being schooled in the *belief* that vertical promotion will be the reward for excellence of performance.

The old days are dead — and the sooner management and individuals realise this the better.

So says *Adrian Savage*, the new chairman of a fledgeling working party set up by the Institute of Personnel Management to investigate management and organisational flexibility. He believes that "after the U-turn which ends the recession we will not see a return to 'normal' patterns of management staffing."

Savage, who is recruitment and development manager for the inns division of Scottish and Newcastle Breweries, believes that existing management structures and policies are unequal to the stresses being placed on them.

There are three main problems, he believes—rigidly centralised hierarchies, functional areas of specialisation, and a tendency to concentrate management development activities on high flyers.

These factors, coupled with the unfavourable market conditions in the outside world, have all led to a situation where individuals have unreal expectations of rates of promotion, he adds.

One of the first things that has to change, he believes, is the policy in many multi-division companies of treating management as a centralised resource — to be posted and recalled as the need arises.

This policy, he believes, can only survive in very special circumstances — managers must be willing to relocate, the organisation must be willing and able to meet the cost, there must be continual growth of new posts and a firm policy on retraining and salary protection for those who cannot easily move into other posts of equal status outside a redundant specialism.

Security

"Its drawbacks today are painfully obvious. When all the divisions of a company are cutting back on labour costs, promises of redeployment for any but a handful are doomed to disappointment."

While he believes that this centralised approach should not be entirely abandoned, Savage would prefer to see an emphasis on treating each management team as an integral part of its division, with prospects and job security linked to the local profit centre's results.

"We cannot afford to lose the capacity for the strategic planning offered by the centralised model, nor the benefits of redeployment of experienced managers where this is viable. At the same time, management should no longer be allowed to believe that their own employment can be kept separate from the survival and growth of the parts of the organisation for which they are responsible."

Savage says the alternative approach "links each manager intimately with the fortunes of his division since there is no guarantee of survival if it fails." *In addition* it avoids expensive relocation in all but a handful of cases and makes redundancy inevitable "without an opening charade of seeking jobs elsewhere in the organisation."

Companies are also going to have to change their attitudes on another area of prime concern—overspecialisation. They need to encourage managers to retrain and fill less narrowly defined roles.

"Of course not every manager with a specialised career pattern wants to move into a general post or enter a different specialism," says Savage. "Nor will he be capable of doing it." But for those managers willing to retrain for another specialism companies will have to provide some measure of salary protection until there is a fair chance of earning equal rewards in the new post. A "fair" deal in any salary reviews during the transition period is also necessary, says Savage.

The company will also have to offer positive retraining—"not just put the manager into a job and leave him to sink or swim without further help."

One consideration should be that if redeployment fails, the individual should not be dismissed but be allowed to depart on redundancy terms "provided it happens within a specified and realistic trial period."

Savage says that conditions like these will encourage managers to respond flexibly to the changing needs of the organisation and help to replace the enviable security of the years of plenty.

The other area where change was needed was the belief that a company ought to be employing a high proportion of above-average talent. "Top management teams are prone to believe that they simply need more 'high flyers'—ideally, perhaps, a company entirely composed of them," says Savage.

"Though we can raise or lower the competence of individuals, we cannot change the fact that about two-thirds of our managers will be of average talent, with one-sixth outstanding and one-sixth appalling.

Carthorse

"Reality shows us that a company is unlikely to have more than a few "high flyers," since there are not so many about. Efforts made to increase their number rapidly run into the law of diminishing returns while the solid two-thirds or so of average managers are neglected in favour of a quest for managerial unicorns."

Savage maintains that the real unicorns — the top sixth of management talent — do not need all the attention. He believes that the most important group are the middle two-thirds of average managers.

Unfortunately, this group is often the least motivated since they are expected to have the ambition and aspirations of the top sixth and then be content with never being able to attain their ambitions, he says.

"Unicorns are very pretty but a carthorse is far more use for pulling a cart," says Savage.

"We have to work with the material which is available to us. That means spending less time searching for the unobtainable or trying to invent new methods of keeping the few we can find. Management resourcing today is all about getting the maximum return from all the resources we use."

Savage questions how long the present economic situation must last before companies recognise that the assumptions behind many policies on resourcing, management development, training and payment structures are those which were formed "in a world which began to die openly eight years ago."

Evidence of the extent to which these old patterns are ingrained in current thinking can be found in the way companies responded to the post-1973 oil crisis, he says.

"One little crisis certainly was not sufficient to change the pattern of management thinking which had brought success and prosperity to so many people and their companies. We became so convinced of the solution that we responded to troubled times by applying it still more fervently than before.

"After 1973/74 many organisations believed that things would return to normal. Promotion streams were maintained and large numbers of people who were seeking specialist careers were encouraged to emulate those who had preceded them and to aim for rapid promotion. As a result companies became top heavy."

Savage believes that basic management resourcing philosophy now needs to evolve to match the "revolution in reality all around us. Present orthodoxies support the past pattern of ordered structure when change went no faster than people could adapt—and that isn't very fast. As change continues to accelerate we will need new styles and concepts. And these will be based on speed and sensitivity rather than conformity with structural niceties."

● **The male menopause**

Our report on November 6 about Professor John Hunt's study of mid-career crises excited widespread interest, including a note from a would-be E. L. Thribb of Beckenham, Kent. Are we to take as a comment on the attitudes of our readers (male *and* female) the fact that no-one apparently spotted our error in asserting that "over a quarter" of males never indulge in extra-marital sex. According to Professor Hunt's research, the figure should have been "over three-quarters." Our error was one of transmission.

BOARDROOM BALLADS
SITTING BULL

Given their elevated stations,
The chairmen of our corporations
Cannot be classified at will
By any one specific skill—
Beyond a certain savoir-faire
In politics and staying there.
And presidents, as sometimes mooted,
Are similarly constituted.
Distinguished generals retiring,
Or civil servants due for firing,
Are types for which directors hanker—
Or, better still, a merchant banker.
A decent presence on the telly,
Some readership of Machiavelli,
Or titles—corporations note—
Are things on which investors dote.
And city editors, despite
Their protestations, love a Knight;
Even the shareholders will shoot
For equities of low repute.
In companies whose only claim's
A chairman with a fancy name.

★

But companies which can't aspire
To superannuated Lords—or higher—
Tend to get the top-chair full
On the Peter Principle:
Suggesting that the founder's son,
While nominally number one,
May be more easy to control
In the presidential role,
And cause less frequent cataclysms
Than if he actually takes decisions.

★

I have not been entirely able
To separate the fact from fable;
Or decisively review
What presidential persons do;
Beyond a tendency to shout
If someone tries to get them out—
As evidenced by Bertie's law
That, when directors are at war,
The incidence of board-room bleeding
Increases with the chairman's breeding.

★

Perhaps the most conclusive data
That presidents and chairmen matter
Reside in seeing that they all
Get their portraits on the wall,
A benefaction not decreed
Directors of a lesser breed.
So take a charitable view
Of this elevated few—
At least for this unconscious part
In business sponsorship of art:
And long, then, may we hope to see them
Snoozing in the Athenaeum!

Bertie Ramsbottom

NEXT WEDNESDAY: THE COMPANY DOCTOR

BUSINESS PROBLEMS
BY OUR LEGAL STAFF

Security of tenure

For about 15 years I have let part of an old airfield to trustees of a motorcycle racing club on seven-year leases, the last of which is shortly to expire. It was agreed that the club did not have security of tenure once the lease had expired but it appears that last year the club formed itself into a limited company, from which I have unwittingly received the rent. I am concerned that the terms of the company could give it security of tenure. Can I reasonably refuse to accept an assignment of lease to the company to avoid creating a business tenancy?

The change to a limited company will not affect the position as to security of tenure if the company performs the same functions as did the unincorporated club. However, the company is a separate entity and would require your consent to an assignment to it of the lease. You cannot however reasonably refuse this, subject to any necessary financial guarantee. It would be possible though for the existing trustees to continue to hold the lease on trust for the company instead of for the members of the club; and that would not constitute an assignment or require consent.

Taxation 'bible'

On many subjects there are reference books which are used and respected by those practising in the field. Could you please advise me if there is such a "bible" dealing with all aspects of taxation in relation to land and development?

There is no ideal book, but among the best for you is Professor A. R. Mellows's Taxation of Land Transactions, the second edition of which was published by Butterworth in 1978 (ISBN 0 406 62391 0). Looseleaf works on DLT etc are more up-to-date, of course: eg Butterworths Land Development Encyclopaedia (ISBN 0 406 17808 9). The RICS Handbook of Community Land and Development Taxation (3 volumes) (ISBN 0 903393 26 3) and Tax on Property (2 volumes) (ISBN 0 9 903393 30 1) published by Kluwer-Harrap.

Notice to tenant

I am the landlord and owner of a business property (Fish and Chips). The tenant for the past 10 years has been and is on one month's notice either way. Can I give the tenant one month's notice and would it have to be accepted under today's laws? Also, if my tenant asks for a five-year lease when he is already on a monthly tenancy could I be forced to give him one?

No. You must give not less than six nor more than 12 months' notice and it must be in the form required by Section 25 of the Landlord and Tenant Act 1954. Your tenant can seek a five-year lease and would normally obtain one for that period (or longer) unless you had some cogent reason for requiring the term to be shorter.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

GARDENS TODAY

Arctic and Antarctic flowers

BY ROBIN LANE FOX

Last week, I alluded to the rich flora of the Arctic and two readers, writing on other business, both added in postscript that they thought I must be joking.

I admit that the colder parts of the calendar have been distorted this year. But, for once, I can insist that I was right. The tundra of the high Arctic turns into a carpet of flowers and green cover *during the few weeks in which* its snow retreats and the mosquitoes hatch in its melted pools of ice. Phloxes, buttercups, fireweed, rock jasmine, and a mass of ericaceous bog plants grow.

In autumn, the mosses and lichens turn yellow-green and crimson, beneath the seed-heads of the Arctic willows and myrtles, while past them stretches every Arctic visitor's green carpet of memories, the *evergreen Dryas, whose* leaves, like a small oak-tree's, are *covered in the soft grey seed*-heads from the previous month's white flowers.

In Britain, too, the Dryas will flourish in almost any soil, and block out every kind of weed. Few gardeners give it head, but it makes a far better lawn than the patchy varieties *of thyme or camomile*.

Wherever it touches the soil, it puts out roots, so you only need one plant and two or three years' patience in order to build up a stock. At maturity, it spreads over two square yards, and, although it does not always flower freely, the contrasting surfaces of its leaves are always a pleasure.

Arctic flowers, then, allow no argument. Gardeners in northern Scotland could come closest to pleasing them, and could find a fit background in the flora of their nearby moorland. Antarctic flowers are another matter, less studied and largely forgotten by gardeners. I want to dwell on them because we have still not made the most of the extraordinary richness of hardy wild plants from the southern hemisphere.

Among many sad things which I expect to see, the disappearance of the British hedgerow, the end of British grassland, and the triumph of gold-variegated conifers. I console myself with the faith that the next 50 years will also see a marvellous extension of *our recognised garden plants*.

They will emerge from Down Under, just beating its *oil* and gas in the race for world recognition and scraping into our nursery catalogues before the mining industry dumps them forever beneath heaps of shale and coal. The Antarctic will *no doubt* be declared a deposit of economic value *before long. Perhaps we will* do its flora justice before we prove any more of a mixed blessing to plants near the South Pole.

Up in the North, over 500 varieties can be found at a latitude of 67 degrees. In the South, you would be hard-*pressed to find more than two*. It is no wonder that Scott and his *Polar* Expedition were so sident about anything of botanical interest.

Central Antartica relies on only two plants, proof of the effects of isolation and an appalling climate. The extreme *cold only moderates in the early* months of the year, and is magnified by fierce winds.

Nothing survives, apart from lichens, a few coastal pockets of fine grass, tough hair-grass, and an ingenious green-yellow flowe called Colobanthus, which must *take the prize as the toughest* alpine in the world.

Recently, I have been reading *the comments* of the great Kew botanist, Joseph Hooker, who served as a passenger on the Antarctic expedition of 1839-43. His fine word-pictures ended in the statement that few areas of the world can contain plants of such interest to science as islands lost to human exploration.

Since then, Hooker has been confirmed, though the range of plants is still limited. The eastern skirt of the Antarctic islands, Marion, Prince Edward, and the rest, have claims to a pre-glacial flora, which survived more recent ice ages and remind us how far our own *northern plants* have changed and vanished.

None of it ties up with nearby Australia, and even if it centres on vegetable greenery it is as weird and romantic as any reptile sighted on four legs by Darwin. Rare ferns keep company with the oddest buttercups in a *climate where no gardener* would expect to grow anything.

The greatest mystery is a plant known as Pringle's Cabbage. This fleshy green plant was tasted in desperation by sick sailors, who found that it kept off their scurvy by its *yellow-green* juices.

Mr Pringle was a student of *the disease and saw it as proof* of his theories. His cabbage is lucky, nowadays, to be alive. Earlier this century, Scandinavian whalers loosed herds of reindeer on to its native islands, where they made short work of *many drifts of the Antarctic's* rare flora. When rabbits were unshipped to join *the* party, they compounded the problem.

Pringle's Cabbage is not a *garden plant, but its neighbour*ing cover might prompt imitation. When the first explorers approached these islands through the mist, they *mistook their greenery* for forests. On inspection, the "trees" turned out to be huge sweeps of tufted grass, or poa, some of which was later *naturalised* in the Shetlands and served well as fodder for sheep.

Stumbling through it, visitors found thick carpets of Antipodean rock plants, especially the blue-grey *acaena*, which I would recommend to any gardener with space to be covered. This huge family is notorious for the prickly burrs which cling to shoes and trousers and assured its spread through the *southern hemisphere. In the* Antarctic islands, it clung to visiting gulls and albatrosses. But this is not too serious in the garden, where the metallic blue-green leaves of the best form are lovely throughout the year.

On slopes, this family may yet *have* some unconsidered uses. I recall how one explorer tried *out his revolver on it*, discovering that the cushions were so hard that they deflected his bullets.

Before long, we may learn to cope with these remarkable beauties, hardly classified or raised from seed beyond a few botanists. Against my *questioners*, I insist that the Arctic has wide carpets of flower.

The Antarctic has the penguins, but, as the winter prepares to freeze your dahlias, you might remember that, even in the coldest South, there are plants which make a show and *which gardeners could still con*sider with profit.

FT COMMERCIAL LAW REPORTS

ACAS officer's duties in a settlement

MOORE v DUPORT FURNITURE PRODUCTS LTD AND OTHERS

House of Lords (Lord Wilberforce, Lord Fraser of Tullybelton, Lord Russell of Killowen, Lord Bridge of Harwich and Lord Brandon of Oakbrook): December 3, 1981.

WHERE A conciliation officer is called in after an employee has resigned at the request of his employer, and after a settlement has been agreed between the parties which excludes the employee's right to complain to an industrial tribunal, his duty to promote a settlement is carried out and *the agreement* rendered effective, if he takes action applicable to the circumstances of the particular case by ensuring that both parties *fully* understand the effect and finality of the settlement.

* * *

The House of Lords so held when dismissing an appeal by Mr A. P. Moore, former employee, from a decision of the Court of Appeal (Lord Justice Stephenson, Lord Justice Waller and Lord Justice Cumming-Bruce, [1980] ICR 581) that his right to complain of unfair dis*missal to an industrial tribunal* was excluded under an agreement *made between him and* his employers, Duport Furniture Products Ltd, under the auspices of the Advisory Conciliation and Arbitration Service (ACAS).

Paragraph 26 of Schedule 1 to the Trade *Union* and *Labour* Relations Act 1974 as amended by the Employment Protection Act 1975 provides: "(2) . . . it shall be the duty of the conciliation officer . . . to endeavour to promote a settlement of the complaint without its being determined by an industrial tribunal. (3) for the purposes of promoting such a settlement . . . (a) *the conciliation officer shall* . . . seek to promote the reinstate*ment . . . of the complainant* . . . but (b) . . . where reinstatement is not practicable . . . he shall seek to promote agreement between them as to a sum by way of compensation . . . (4) Where at any time . . . (a) the complainant has ceased to be employed by an employer, in circumstances where the employee claims that he was unfairly dis*missed* . . . [*and*] *a request* is made to a conciliation officer . . . to make *his services* available . . . the conciliation officer shall act in accordance with sub-paragraph (2) and (3) above . . ."

*

LORD BRANDON said that the employee was totally deaf and although he was not dumb, it was extremely difficult to understand the *sounds* he *made*. He was, however, able to read and write. He had worked for 22 years in a bed-making factory, and was arrested on suspicion of having stolen a bed-head. He denied the theft and the police, after making inquiries, took no further action.

On the date of his arrest the employee was suspended from his work and, although he repeatedly told the employers that he wanted his job back, they did not reinstate him. They called *in the industrial relations* officer of ACAS in his capacity *as advisory officer under the* Employment Protection Act 1975. He quickly learned from the employers' attitude that there was no possibility of the suspension being lifted, and he advised them that unless the employee was proved guilty, it would be dangerous to dismiss *him. He said that if unfair dis*missal were proved, the compen*sation payable would be sub*stantial.

The *employers did not dismiss* the employee, but suggested that *he should resign and accept £300* compensation. A meeting took place in the factory between the employers and the employee, who was accompanied by an interpreter. The ACAS officer was in another room. At the meeting the employee insisted repeatedly that *he wanted his* job back, but the employers were adamant that they would not lift the suspension and would not dismiss him. Eventually, he agreed to resign in return for £300. He *did* so because, to use his own expression, "it was the only offer they made."

The ACAS officer was informed that the employee had resigned in return for £300, and he concluded that he was now entitled to act in his capacity as conciliation officer under the Trade Union and Labour Relations Act 1974. He went into the room where the meeting had been held and introduced himself to the persons present, making it clear to all, including the employee through his interpreter, that he was there in his capacity as con*ciliation officer*.

The employee, as the concilia*tion officer's suggestion* through the interpreter, wrote out a letter of resignation while the officer filled in form COT3 under the Acts of 1974 and 1975, stating that the employers would pay £300 "in full and final settlement of all claims" arising from the termination of his employment. The officer explained with care to both parties, and through the interpreter, that the effect of that agreement was that it meant *what it said* and that the settlement would be final. They then *each signed in the spaces pro*vided on the form.

Later the employee complained to the industrial tribunal that he had been unfairly dismissed. The employers resisted on the ground that under the auspices of ACAS a settlement had been made with the employee "in full and final settlement of all *claims*."

Paragraph 32(2)(d) of the Schedule provided that an agreement excluding the employee's right to complain to a tribunal was void, except where the agreement was one in respect of which a conciliation officer had acted in accordance with paragraph 26(4).

*

The present appeal was concerned solely with the question whether the employee's right to complain was excluded by the terms of the agreement. The decision depended on the application of the relevant statutory provisions to the *facts of* the case.

In paragraph 26(4)(a) of the Schedule, "where the employee claims" should be construed as not referring only to some express or formal claim, but as including an implied claim to be inferred from the overt acts or attitudes of the employee. There was ample evidence on which the tribunal could find, and did find, that the employee at the material time was impliedly claiming that he had been unfairly dismissed.

It followed that reference should be made back to paragraphs 26(2) and 26(3) of the Schedule. In construing the subparagraphs it was necessary in order to avoid absurdities, to imply some further words such as "so far as applicable in the circumstances of the particular case."

It was clear beyond doubt to the ACAS officer that there was no prospect of the employers agreeing to reinstate the employee, and that when the request was made to him to make his services available as conciliation officer, the *parties* had already agreed on £300 compensation. In that situation paragraph 26(3) did not apply and the only action "applic*able in the circumstances* of the particular case," was action designed to attain the broad *object* of paragraph 26(2). That required him "to endeavour to promote a settlement of the complaint without its being determined by an *industrial* tribunal." And "promote a settlement" must be given a liberal construction capable of covering whatever action by way of such promotion was applicable in the circumstances of the case.

What the officer did from the time he entered the room to the *time when both parties* signed the agreement, amounted in fact and in law to *promoting* a settlement of the complaint without its being determined by an industrial tribunal. The agreement excluding the employee's right to complain was therefore effective.

Lord Wilberforce, Lord Fraser, Lord Russell and Lord Bridge agreed that the appeal should be dismissed.

For the employee Alexander Irving QC and John Dixon (Bower, Cotton & Bower, agents for Moore, Brown & Dixon, Tewkesbury)

For the employers: Geneva Caws (Waltons & Morse, agents for Pinsent & Co, Birmingham)

For ACAS: Peter Scott QC and Ian Glick (Treasury Solicitor).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

HEXHAM yesterday *escaped* the worst of the weather which brought parts of the Midlands and Home Counties to a near standstill, and prospects for this afternoon's card on the Northumberland track are bright.

No one, I *suspect*, will be happier to see the programme go ahead than that accomplished amateur rider Mr T. G. Dun. In the Hencotes Handicap Chase Mr Dun *is due to partner* last spring's gallant Grand National fourth Three To One; while in the Eastgate Amateur Riders' Novice Hurdle he is on board Blueberry Bush, whom he trained for his wife.

Although I expect Three To One to give Mr Dun an enjoyable and chance-free ride, a safer bet in the Hencotes is probably course specialist Another Captain.

Blueberry Bush, who has 20 to beat in the amateur riders' *event*, has been improving steadily of late and should not have too many problems despite the presence of recent winners, Clearit and Minto Glen.

The Tote have today released ante-post prices on the Daily Express Triumph Hurdle and, as might have been expected, Goldspun and Royal Vulcan head their list at 12-1. They then offer 25-1 Krug, Luluv and Cima.

HEXHAM

12.45—Precipient
1.15—Faldor
1.45—Another Captain**
2.15—Roman Con*
2.45—Sandicliffe
3.15—Blueberry Bush***

TELEVISION

Chris Dunkley: Tonight's Choice

Edward Lutyens was a prolific architect whose work varied from the Cenotaph to a hundred big houses and numerous banks and other offices, ending with the design of New Delhi. When he died in 1944 it was said that he was possibly the greatest architect that England had ever produced. Absurd as that may have been, his subsequent obscurity *during the period of Modern* Brutalism was even less deserved. Now that is being rectified with revived interest. London's Hayward Gallery is currently mounting an exhibition about his work, and tonight Patrick Nuttgens presents **Edward Lutyens Master Architect** on BBC-2.

ITV's scrappy autumn season continues with two dollops of **Coronation Street** and one of **Crossroads** followed by the return of the Thames variety series ***London Night Out*** which includes the game borrowed from America, "Name That Tune." The only ITV offering for those wanting to stay awake in front of the set is **The Pitmen**, an ATV documentary which looks at the campaign for the new president of the National Union of Mineworkers.

Easily the most enjoyable programme of the night (if past years are any guide) will be **BBC-1's Sports Review Of 1981**. The joy is in being able to draw the curtains, turn the central heating up, and recall those moments when Coe and Ovett and Botham excelled in the sunshine.

BBC 1

12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Fingerbobs. 2.00-2.12 When The Bough Breaks. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 The Record Breakers with Roy Castle and Norris McWhirter. 5.05 John Craven's Newsround. 5.10 Codename Icarus.

5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.50 Wednesday Film: "The Pride and the Passion," starring Cary Grant, Frank Sinatra and Sophia Loren.
9.00 Party Political Broadcast by the Conservative Party.
9.05 News.
9.30 Sports Review of 1981 featuring the presentation to the Sports Personality of the Year by Group Captain Sir Douglas Bader.
10.50 Michael Parkinson and his guests — Gerald Durrell, Isaac Stern and Peter Bull.
11.50-11.55 News Headlines.

BBC 2

10.20 am Gharbar.
11.00 Play School.
3.55 pm One Man and His Dog.
4.35 Rowena Wilkinson gives a harp recital.
4.40 Vikings.
5.10 The Flying Boats.
5.40 Daredevils of the Red Circle.
6.00 Grange Hill.
6.25 Life on Earth.
7.20 News Summary.
7.25 Edwin Lutyens Master Architect.
8.15 Strangeways.
*9.00 M*A*S*H.*
9.25 The Borgias (part 9).
10.20 Grapevine.
10.50 Party Political Broadcast by the Conservative Party.
10.55-11.45 Newsnight.

LONDON

9.30 am Magilla Gorilla. 9.50 Bailey's Bird. 10.15 The History Makers. 10.40 Survival. 11.05 Welcome Back, Kotter. 11.30 The Further Adventures of Oliver Twist. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News plus FT Index. *1.20 Thames News.* 1.30 Armchair Thriller. 2.00 After Noon Plus. 2.45 More British Than The British. 3.30 Bugs Bunny. 3.45 Emmerdale Farm. 4.15 Punch Trunk. 4.20 Madabout. 4.45 Fanfare for Young Musicians presented by Melvyn Tan. 5.15 Coronation Street.

5.45 News.
6.00 Thames News with Andrew Gardner and Pat Harper.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 This Is Your Life:
7.30 Coronation Street.
8.00 London Night Out introduced by Tom O'Connor, *starring* Cilla Black.
9.00 The Pitmen.
10.00 Party Political Broadcast by the Conservative Party.
10.05 News.
10.35 Mid-week Sports Special, introduced by Brian Moore.
12.05 am Barney Miller.
12.30 Close: "Sit Up And Listen" with Lord Soper.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
9.30 am Mumbly. 9.40 England Their England. 10.10 No Man An Island. 10.40 *At Home With The Spinners.* 11.10 Cartoon Time. 11.15 Pro-Celebrity *Ten-Pin Bowling.* 1.20 pm Anglia News. 2.45 Strumpet City. 5.15 Happy Days. 6.00 About Anglia. 12.05 am Preview. 12.35 These Are My Little Ones.

ATV
9.30 am European Folk Tales. 9.45 *Circus.* †10.10 Morning Cinema: "Madeleine." 1.20 pm ATV News. 2.45 Tenspeed and Brown Shoe. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today.

BORDER
9.30 am Focus on Wildlife. 10.00 Joe 90. 10.25 Fangface. 10.45 The World We Live In. 11.10 Little House on the Prairie. 1.20 pm Border News. 2.45 Strumpet City. 5.15 Out of Town. 6.00 *Lookaround Wednesday.* 12.05 am Border News Summary.

CHANNEL
12.30 pm Election '81. 1.20 Channel Lunchtime News, What's On Where and Weather. 2.45 Strumpet City. 6.00 Channel Report. 10.00 Life in France. 10.33 Channel Late News. 12.05 am *Superstar Profile. 12.30 Epilogue.*

GRAMPIAN
9.40 am First Thing. 9.45 Hands. 10.05 Alphabet—The Story of Writing. 10.35 Target the Impossible. 11.00 News from Nowhere. 11.50 Halas and Batchelor. 1.20 pm North News. 2.45 Strumpet City. 5.15 Batman. 6.00 North Tonight. 12.05 am Our Incredible World. 12.30 North Headlines.

GRANADA
9.30 am Target the Impossible. 9.55 The Bubblies. 10.00 Wednesday Matinee: "The Terrornaughts." 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Live from Two. 2.45 Bracken. 5.15 The Adventures of Black Beauty. 6.00 Granada Reports. 6.25 *This is Your Right. 12.05 am Roots.*

HTV
9.30 am Sesame Street. 10.30 "For The Love Of Ada," starring Irene Handl and Wilfred Pickles. 1.20 pm HTV News. 1.30 Armchair Thriller. 2.45 Strumpet City. 5.10 Ask Oscar. 5.20 Crossroads. 6.00 Report West. 6.30 *Benson. 10.33 HTV News.*

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm *Ffalabalam.* 4.45-5.10 Goglis. 5.10-5.20 Dick Tracy. 6.00 Y *Dydd.* 6.30-7.00 *Taff Acre.*

SCOTTISH
9.30 am Hands. 9.55 Amazing Years of Cinema. 10.20 Survival. 10.45 Epitaph. 11.10 Then Came Bronson. 1.20 pm News and Road and Weather. 2.45 *Strumpet City.* 5.15 *Tales of Crime.* 5.20 Crossroads. 6.00 Scotland *Today.* 6.20 *Action Line.* 6.30 World Worth Keeping. 12.05 am International Darts. 12.35 Late Call.

SOUTHERN
9.30 am Wild, Wild World of Animals. 9.55 Bailey's Bird. 10.20 *Patterns.* 10.45 Tarzan. †11.40 "Call of the Cuckoo," starring Laurel and Hardy. 1.20 Southern News. 2.00 Houseparty. 2.25 Under Manning. 2.50 Charlie's Angels. 5.15 Dick Tracy Cartoon. *5.20 Crossroads.* 6.00 Day by Day. 6.30 Mork and Mindy.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 9.30 Stars on Ice. 9.55 Joe 90. 10.20 Cartoon Time. 10.30 Friends of *My Friends. 10.55 Comic Stories.* 11.00 Antarctica. 11.50 European Folk Tales. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 Strumpet City. *4.15 Cartoon Time.* 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.35 North East News. 12.05 am The Bible.

ULSTER
1.20 pm Lunchtime. 2.45 Strumpet City. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good *Evening Ulster. 10.34 Ulster Weather.* 12.05 am Bedtime.

WESTWARD
9.35 am Sesame Street. †10.35 Feature Film: "Murder She Said." 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Strumpet City. 6.00 Westward Diary. 10.37 Westward Late News. 12.05 am Superstar Profile. 12.30 Faith for Life. *12.35 West Country Weather.*

YORKSHIRE
9.30 am World Fairy Tales. 9.40 Flight in White. †9.55 "A Tale of Two Cities," starring Dirk Bogarde and Dorothy Tutin. 11.45 Poetry of Landscape. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 2.45 Strumpet City. 3.45 *The Entertainers. 5.15 Emmerdale* Farm. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 John Lennon (1940-1980) third of a five-part tribute. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.02 am *Cricket Desk.* 5.03 Ray Moore (S). 7.30 Terry Wogan (S). 10.00 *Jimmy* Young (S). 12.03 pm John Dunn (S) including 1.45 Sports *Desk.* 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 Don Durbridge with Much More Music (S). 8.00 Alan Dell with Dance Band Days. 8.30 The Mitchell Minstrels (S). 9.00 The *Boston Pops* (S). 9.55 Sports Desk. 10.00 Animal Alphabet. 10.30 *Hubert Gregg says Thanks for the Memory.* 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composers: Arne and Boyce (S). 10.00 Russian Violin Music (S). *10.40 A* Newly-restored Willis Organ (S). 11.15 Ildebrando *Pizzetti: Choral music (S).* 11.25 BBC Welsh Symphony Orchestra (S). *1.00 pm News.* 1.05 Concert Hall (S). 2.05 Music Weekly (S). 2.55 *Mozart and Dvorak:* String quartet recital (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Medium and Message. 7.30 Ionych (short story by Anton Chekov). 8.00 BBC Symphony Orchestra from the Royal Festival Hall, London, Part 1: Mozart, Roussel (S). 8.50 Six *Continents. 9.10 Concert, Part 2:* Rachmaninov, Varese (S). 10.15 *Unfan Letters by Francis King.* 10.30 Edmund Rubbra: Choral and solo harp *recital* (S). 11.00 News. 11.05-11.15 Bruch, arr Bruch (S).

Medium Wave as VHF except: 7.05-11.15 am Cricket: Second Test—India v England.

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek: Noel Edmonds. 10.00 News. 10.02 Gardeners' Question Time. 10.30 *Daily Service.* 10.45 Morning Story. 11.00 News. 11.05 *Baker's Dozen. 12.00 News.* 12.02 pm You and Yours. 12.27 A Walk in the Dark. 12.55 Weather: Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. *3.50 The Cities of the Plain.* 4.00 Priestland's Progress (S). 4.45 *Story Time. 5.00 PM: News Magazine.* 5.50 Shipping Forecast. 5.55 Weather: *Programme News.* 6.00 News. 6.30 The Senior Partner. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lectures 1981. 8.15 Prefaces to Shakespeare. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Quote . . . Unquote (S). 11.00 *A Book at Bedtime.* 11.15 The Financial World Tonight. *11.30 Today in Parliament.* 12.00 News.

TECHNOLOGY

EDITED BY ALAN CANE

Acorn and BBC to bring home the computer

BY GEOFFREY CHARLISH

IT IS quite probable that the BBC's computer literacy project, involving ten television programmes and a home computer designed by Acorn Computers of Cambridge, will turn out to be the single most important influence in bringing ordinary Britons face to face with the computer.

A few advertisements placed in the summer have produced more than 40,000 replies; since then the BBC has been grappling with requests for information as well as 9,000 orders for the computer. Publicity was stopped in the autumn, but still the orders roll in.

The manufacturers, ICL at its Kidsgrove plant and Cleartone at Gwent in Wales (both under contract from Acorn), are struggling to shift into top gear, if not overdrive. But one or two early production problems have arisen, resulting in two or three weeks of slippage in schedules. Only a few hundred machines have been made to date.

So, the BBC has been obliged to postpone the start of the programmes for five weeks to February 14 — except for schools, which will be able to get the programmes at 3 o'clock on Monday afternoons from January 11.

By the same token, the early production machines are going to schools and colleges rather than individuals.

These are heady days at both organisations. There is a feeling of simultaneous nervousness and expectation at Acorn about the likely level of demand when the news spreads more widely to the total potential market, now believed to have been somewhat underestimated.

As Chris Curry, managing director at Acorn, put it: "All this has happened without any real promotional effort"

In any event, the production schedule now calls for 10,000 machines a month by February, double the planned figure of a few weeks ago, and Curry feels confident that all those who have paid for their machines to date will get them in time for the revised start date for the programmes.

The reasons for all the interest are not too hard to see. Free basic education from a source with the BBC's reputation is bound to attract ordinary people, particularly young people, who increasingly feel the need to find out something about computing.

Acorn, with its strong Cambridge University connections and good track record with the Atom computer, can be assumed to have got the BBC machine right. After all, Dr Andy Hopper, of Cambridge Ring networking fame, is a director and consultant to Acorn.

Furthermore, the machine, for those wishing to go further, will not become a white elephant when the course is over. It can easily be expanded to become a fully-fledged small business machine.

According to Chris Curry, the BBC Microcomputer System (BBCMS) offers unusually good value for money anyway, in its basic £235 and £335 versions. Apparently the BBC has driven quite a hard bargain, and Curry's partner, Herman Hauser, says: "The machine is definitely underpriced."

What then, are the technical facts about the machine? The standard version is based on a 2 MHz 6502 microprocessor with 16k of random access and 32k of read only memory. It has eight display modes including 40 x 25 characters, teletext and 320 x 256 pixel graphics.

Various options

It connects at UHF into a TV set (or at video frequency to a monitor) and to a cassette recorder. The display is in eight colours. RAM expansion, use of a second similar processor to increase power and connection to other machines are possible, beyond the basic price of £235.

The second version has 640 x 256 graphics, RAM expansion to 32k, analogue to digital interfaces that allow "real world" devices like domestic appliances to be connected, and connection facilities for printers and other digital devices. The price is £335.

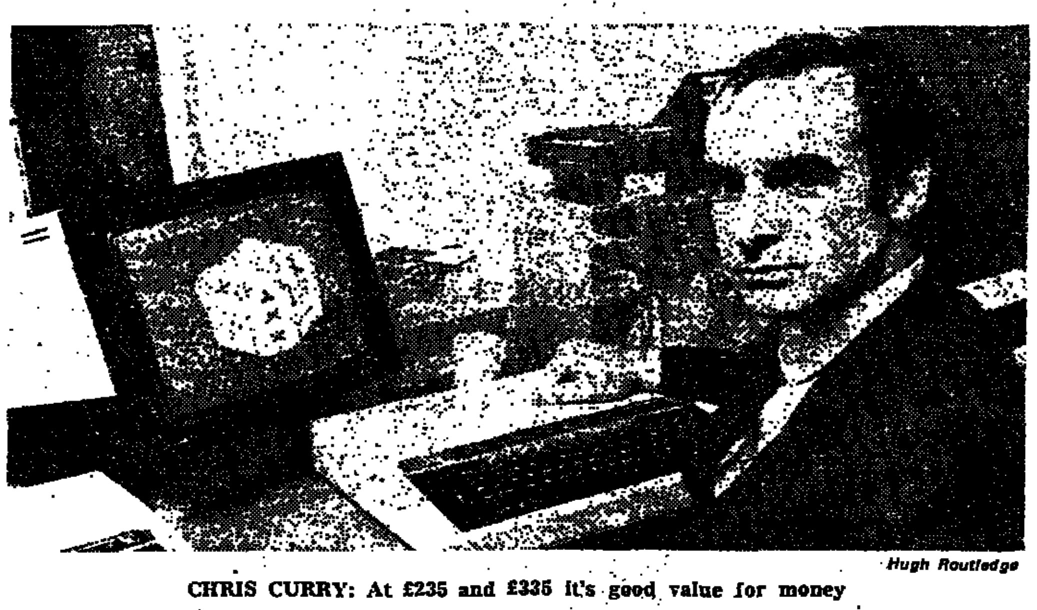
From next year a number of other options are planned. These include a disc store interface, allowing a range of disc dives to be connected, a networking interface (like Acorn's Econet, which allows a large number of Atoms to be connected together), various second processor options, disc expansion, a teletext receiving unit and a Prestel option.

Both teletext and Prestel offer prospects of receiving downloaded software from various sources and experiments are in progress.

A big effort has been made with realiability because of the national broadcasting overtones of the project.

A rugged, positive action keyboard—albeit Japanese—has been employed and extensive circuit test and soak testing have been called for. Faults that do occur will be dealt with by Acorn's dealer network some 50 retailers well spread throughout the country.

The course itself must of necessity remain something of an unknown until the first round of transmissions (there will be several into 1983). A challenge for the team under executive producer John Radcliffe is that a lay presenter will be used who will himself be introduced to the techniques from scratch on the programmes. The idea is to give the audience the feeling that if he can do it, so can they.



Hugh Routledge

CHRIS CURRY: At £235 and £335 it's good value for money

After two introductory programmes dealing with the general "why and what" of computers, the titles include: languages; storage; communications; non-text input and output; modelling and simulation; artificial intelligence; robots and the future.

The BBC is also publishing a course handbook. In addition, the National Extension College is providing a 30 hour introductory course in programming in Basic in association with the BBC project.

Later, some more substantial programs will become available, including a number that will interest small businessmen. Under consideration are word processing, enhanced graphics, engineering applications, VAT, energy saving and several others.

Much of the software will run on other machines with little or no modification and, for the course, the BBC points out, that the programmes will have interest and value to those with no computer at all.

The relevant addresses are: BBC Computer Literacy Project, Broadcasting Support Services, PO Box 7, London W3 6XJ; The National Extension College, 18 Brooklands Avenue, Cambridge CB2 2HN; Acorn Computers, Fulbourn Road, Cherry Hinton, Cambridge and at 4a Market Hill, Cambridge CB2 3NJ.

Architects for the 20th Century

EFFORTS ARE being stepped up by the Royal Institute of British Architects to encourage members to increase their use of new technology.

The Design Council is holding an exhibition specially for architects which outlines the benefits of using computers.

About 18 months ago the RIBA set up a computer group to look at ways in which members could apply computer technology because it was concerned that less than 200 of the 4,000 architectural practices in the UK used any kind of electronics.

Mr Nicolas Coutts who runs the RIBA computer group said that architects were reluctant to make the step to use computers in design work but it was important, especially during a time of recession, that the profession made efforts to improve its efficiency.

The Design Council's exhibition is run by Mr Andrew Chadwick, whose own practice Hulme Chadwick and Partners introduced an automated design system in expectation of a large contract from London Transport.

Felix still learning

FELIX LEARNING SYSTEMS, part of the Websters group, has introduced a computer-based learning system which combines video film with computer aided technology.

The system, which received a 25 per cent development grant from the Department of Industry, is intended for a wide range of industrial and commercial training schemes.

The company has already won orders from Rank Xerox, a major clearing bank and several insurance organisations for staff training.

Industrial training is becoming an important market in the education field because of the accelerating introduction of new techniques which require staff to be retrained more frequently.

Datapoint lowers its false colours

BY ALAN CANE

DATAPOINT CORPORATION, purveyor of computers to companies like BP, Ford and British Oxygen, has given up sailing under false colours outside the U.S.—now it is seeking to make its reputation worldwide under its own name.

Its antecedents are impeccable: an early advocate of the distribution of computer power among users through the development of small computers endowed with local intelligence, it was also selling its systems—ARC—for tacking groups of small computers together long before local area networks became jargon.

Now, it is staking its claim in the "electronic office" market. Not exactly a novel idea these days, but Mr Harold O'Kelley, president and chief executive officer of the company, is confident that Datapoint can retain its individuality among the hundreds of organisations offering office automation.

Datapoint is already a major supplier of office and business equipment in this country, but its equipment is better known as Ventek, the organisation which has been its UK distributor for years.

Now, Datapoint has acquired Ventek, changed its name to Datapoint (UK), and is marketing its computers and systems in the UK under its own name.

The Ventek acquisition, in fact, is one of the final stages in a deal worth U.S.$105m in which Datapoint purchased from TRW eight former distributors through which Datapoint products had been sold during the 1970s. A small number of independent distributors remain.

Datapoint is, therefore, at a very interesting stage in its history. It is now a multinational company. Last year it turned over U.S.$396.220m and Wall Street analysts are predicting a turnover of US$650-700m for the coming year.

According to O'Kelley, the company should be turning over the magic billion dollars: "In about three years' time."

He sees this coming about through funds contributed by normal growth—the company grew 24 per cent between 1980 and 1981—from its Inforex acquisition and from funds generated by the new subsidiaries.

Other companies—Wang with its turnover around the billion dollar mark and spectacular growth resulting from its skills in screen-based word processing, is perhaps the obvious example—have a significantly higher profile, but O'Kelley's faith is rooted in the breadth of the Datapoint product range. He eschews blatant advertising: "I would rather spend the money on salesmen."

He goes on to argue: "There are three possible approaches to the office of the future. There is the distributed data processing approach — that is the Datapoint way. Then there is word processing — that is Wang. And, finally, there is the PABX approach characterised by Rolm.

"Looking at all these approaches, I prefer our position." The company has just launched a new, very fast computer, and an advanced laser printer. ARC, Datapoint's local area network, is becoming a mature product with some 2,000 systems installed worldwide.

Chase Manhattan Bank is a prominent user of Datapoint equipment both for distributed data entry and — especially in its London headquarters — for word processing and electronic mail.

Now, Datapoint is busy refurbishing its newly acquired subsidiaries in Europe and elsewhere. "Some are in good shape, others in poor shape," O'Kelley says.

The company intends to invest US$10m this year from its own resources in these subsidiaries without raising extra funds in the market.

Design and draughting

DESIGN AND draughting services for printed circuit boards are offered by a company called Draws of 77 Wales Street, Winchester, Hants (0962 63044).

Following start up from a Government grant, this small company has now raised its turnover to £0.25m; it has invested rather more than that in a four station Computervision CAD system. Customers include ICL, ITT and Sperry.

Dr John Sargent, managing director, believes that UK industry needs more exposure to CAD. His approach is to offer modern hardware and software and an experienced team of designers, yielding a working system on which newcomers "can get their feet wet."

Flue danger

WARNING CONSUMERS against the danger of flues that may be unsuitable for use with high temperature appliances is the purpose of a campaign launched by Brefco (Northern), maker of the Supaflue "all fuel" flue.

Its theme will be "A Flue for all Fuels," augmented by guidelines laid down in a newspaper headlining and spelling out the message that flues designed for gas burning—which are also being used for solid fuel and woodburning—could constitute a danger to life and limb.

Details from Home Improvement Services, 27 Alexandra Gardens, Folkestone, Kent. (0303 58845).

Shorter welding

WELDING TIME can be shortened and greater heat input does not cause deterioration to a new type of steel plate called the NKK HIWEL, the originators, Nippon Kokan of Japan claims.

Basically, the plates have been improved by a process of adding aluminium and titanium while reducing the nitrogen content through degassing. The nitrogen reacts with the aluminium and titanium to form aluminium and titanium nitrides and thus improve the toughness of the steel.

Full technical details are avilable from Nippon Kokan KK, 4th Floor, West Block, 11 Moorfields High Walk, London EC2.

Stock removal

BIRMINGHAM company, Star Industrial Tools, has developed a segmented CBN cupwheel to complement a purpose designed precision vertical spindle grinder. It can improve stock removal rates by nearly five times compared with the usual CBN peripheral wheels used in conventional surface grinding, the company says. Full technical details from 0990 23456.

Dual-sided

THE STAG container hauler/handling system from Ralph Blatchford, West Road, Midsomer Norton, Bath, Avon (0761 412281) is now available in a dual-sided version with lifting capacities of 14 and 20 tons. Dual-sided lifters are also available on longer semi-trailers to handle 40 ft 30-ton ISO containers.

THE ARTS

Olivier

The Mayor of Zalamea

by MICHAEL COVENEY

Michael Bogdanov's Calderon revival was a revelation when it opened in the Cottesloe in August. Deservedly, it now transfers to the Olivier, exchanging intimacy and stark white screens for a hexagonal playing area and unobtrusive black drapes. But the muscular staging is now incipiently arthritic, as the orange costumes of the military stab the darkness and the domestic security of the peasant farmer, Pedro Crespo, is ripped apart by a lustful Captain.

The notion of honour that hovers over the play and is embodied in Crespo may seem to us remote, but it is intrinsic to the dramatic tension. Thanks, here, of course, to Michael Bryant's rivetingly understated performance. He acknowledges God with a wink and protests his honour with a casual genuflection. But when it comes to human dignity, specificially that of his ravaged daughter, he rumbles vengefully into top gear.

Outside of Mr Bryant and his opposite number, played suavely by Daniel Massey, the company looks a little underpowered. I still dislike the meandering guitar accompaniment to the astonishing meeting between abused father and daughter, and the mime of the rape is still hopelessly half-cock. The echo effect, at least, has gone, likewise a few knockabout crudities.

With the surprise impact of the play diminished, the production seems adequate and no more. Mr Bryant has developed an interesting twinkle in the later stages of collision between military and civil law, even if Adrian Mitchell's translation is more halting than it first appeared. The power of the play resides merely in Mr Bryant's performance: for the rest, you perhaps need Victor Garcia on top form to shake it excitingly to life.

Daniel Massey

King's Head

Rise and Shine

The appalling listlessness induced by unemployment is humorously dealt with in this neat little lunchtime two-hander by Sean McCarthy. How to get through the day without food, money or the sort of zeal exhibited by Norman Tebbit's father in the 1930s when he jumped on his bike, is a major problem for Judy and Tim. A married (childless, we presume), couple she has failed to find a settled job while he is a painter with talent but no market.

In today's economic climate, it is unlikely that there is all that much spare sympathy lying around for unemployed artists, and there is nothing in the piece to suggest that either Tim or Judy is too stupid or introverted to jump out of bed and give it a go. But much of the play's fun derives from the decision to stay put under the bedclothes as a philosophical and practical gesture. John Lennon and Yoko Ono once had a similar idea.

By staying in bed, you cut down the mealtimes and you challenge the supremacy of day over night. Mr McCarthy also uses the situation to rake through the familiarity of the relationship and force each partner to learn something new about the other—even if this springs from a flippant discussion about sweet popcorn and Tony Hancock films. He says something, too, about an artist deciding enough is enough and recognising the need for a job as opposed to a vocation.

David Leveaux's production confines two of our most talented younger actors, Dermot Crowley and Sharon Duce, to a large bed which they inhabit with a superb display of realistic panache. Sexual indifference and ritualistic insult ("I only married you to lend a sort of dignity to your idleness") still do not spell doom for the marriage. Finally, Tim dresses to face the world, collect his Social Security and look for a job.

MICHAEL COVENEY

Men in uniform—a worker at the Ritz and Colin Welland as Chief Constble in United Kingdom

Television

An awful autumn

by CHRIS DUNKLEY

Unless there is a startling improvement in the general standard of television programmes between now and Christmas—which is virtually impossible since the schedules were all worked out months ago—the current season will go down in the annals as one of the most lacklustre autumns for for years. For the BBC it might be argued that a lack of money has forced them into penny-pinching ways and that we cannot expect much zip or sparkle until the effects of the licence fee increase begin to filter through a few months hence. It is not much of an argument but there is some truth in it.

Goodness knows what ITV can offer as an excuse, however. They have produced *Brideshead Revisited* of course, and although it is (as so often in the middle of long serials) becoming fashionable to snipe at it, I am confident, having now seen all 11 episodes, that it is one of the greatest works of drama ever produced for television anywhere. Towards the end, the sheer scope and depth and chronological extent of the story begin to tell: though only the onlooker to a fiction, the viewer begins to feel able to look back to shared experiences with the characters. But one serial, no matter how superb, does not a season make. Nor can the high costs of *Brideshead* be used as an excuse for the poverty-stricken look of ITV schedules on other nights.

Recession or not, the money pours into commercial television as fast as ever. Yet in London tomorrow the ITV schedule, apart from various news bulletins and the two current affairs series *After Noon Plus* and *TV Eye*, offers: one Australian, one English and one American soap opera in the afternoon, an old movie which I suspect has been shown before (for some reason the programme journals won't admit when films are repeats), a quiz show, and 10 repeats.

The only programme in the whole day's schedule which sounds worthy of note is the first of a new series called *Asian Insights*. It is at 9.50 in the morning. During the hours when the majority of people are free to watch, from about 7 pm, the only original material offered by ITV is half-an-hour of news, half-an-hour of *TV Eye*, and 15 minutes of *What The Papers Say*, which starts at midnight. Four of the five hours between 7.00 and 12.00 are filled with old material of which only half-an-hour could be said to be repeating on merit: John Swinfield's excellent Anglia series about money and its uses, *Enterprise*. Otherwise it is a very sorry offering: shameful would not seem too strong a word.

It gives me no pleasure to say so. I would always rather celebrate than castigate, and am happy to go to some trouble to track down and watch anything deserving praise, but in the past few weeks quantity has been far more common than quality. Last night's "Play For Today," *United Kingdom* on BBC 1, was a case in point. No amount of ballyhoo over the scheduling of this work, or its political content, or even its supposedly "controversial" nature can cover up the fact that it was too long—and not just a bit too long, but much too long.

As we have come to expect from this school of television drama, there was a starkly authentic realism to the look and the feel of it: council tenants somewhere in the north-east barricaded themselves into their rain-stained concrete estate to protect their councillors who, as at Clay Cross, have fallen foul of central government. The Special Patrol Group is sent in, and order is restored. The "workers" (they are mostly represented as being unemployed, though that doesn't stop them claiming "We make the wealth of this country and we should have the power") are left staunchly declaring what a jolly significant lesson they have learned to pass on to their "kids."

If British television is to sustain any claim to freedom of expression then work with clear political convictions must be commissioned much more often. But if it is to be of real importance it needs to be a lot better than *United Kingdom* which was sub and pre-Orwellian. An articulate shriek of rage would be fair enough; indeed it would be welcome. But 2½ hours of "With respect comrade . . ." at indoor meetings interspersed with crowd rhubarbing at outdoor meetings becomes dreadfully tedious, especially when directed in such an eye-glazingly static style by Roland Joffe. It sometimes felt as though he was using a camera which could neither tilt nor pan.

Ironically, a documentary on the same channel shortly before the play, *The Ritz*, produced by Edward Mirzoeff (who so recently gave us *The Englishwoman And The Horse*) made a far better case for working class values than did the jargon smothered drama. Presumably it was no part of Mirzoeff's or reporter John Pitman's intentions, but one of the clear results of their programme was to show that the staff at the Ritz are generally much more pleasant, better behaved, and altogether more interesting than the clientele. This was another Chippendale documentary for Mirzoeff to add to his growing store of fine English pieces.

Returning to the point about quantity, ATV's drama-documentary *An Arranged Marriage* was, at 1¾ hours, a good half hour longer than was comfortable. It was a worthy enough venture, with its heart in the right place, and a remarkable streak of honesty running through it: the Sikh father was shown traipsing half way round the world from the Punjab to the English Midlands solely for the sake of the money he could send home, staying in Britain though flatly refusing to adapt to British culture unless forced to (as over the cutting of his hair for the foundry), raising an English daughter and then when she was 18 trying to impose Indian village traditions upon her.

Although Sneh Gupta made a most sympathetic character out of the daughter, we might have been brought closer to these people via a full-blown play. At its best and when applied to suitable subjects (*The Voyage Of Charles Darwin* for instance) the drama-documentary form can produce wonderful results, but fiction can often tell more truth than non-fiction.

Though I would not argue that the last of the season's South Bank shows was too long—I think Melvyn Bragg is quite right to devote whole programmes to single subjects instead of retaining the magazine format—it does seem odd to be offered yet another full scale television interview with John Osborne so soon after Bernard Levin's. Both programmes attempted to use Osborne's autobiography as a springboard into a pool of self revelation and both resulted in the interviewer spread-eagling himself repeatedly on the dry bottom of an empty bath.

What neither programme even began to suggest is that Osborne is simply another Richard Ingrams: a traditional English middle class conservative who, as a young man, thanks to abnormal social circumstances beyond his control, enjoyed a brief period when his work symbolised rebellion against the established order. Subsequently both have reverted to type, becoming rural men of letters, and solid members of the English squirearchy, shy and fearful of the common herd at which they thumb their noses.

Two of the most thought provoking programmes of the week were BBC plays, though neither could be described honestly as outstanding. In Vaclav Havel's *Protest* director Alistair Clark used the cunning device of one actor (Nigel Hawthorne) playing both the dissident and the hypocritical "liberal" in a playlet about a public protest by Czechs, implying the possibility of both sets of attitudes existing within one individual.

In *Virginia Fly Is Drowning* on BBC2 Anna Massey gave a thoughtful and affecting performance as the suburban teacher who attracts the attention of a television programme because she is a virgin. The pity of it was that the best parts of the play were the slightest and the earliest, as the character of Virginia and her mother (Noel Dyson in top form) and father ("I was very interested in Mozart until your mother threw away the gramophone") were being established.

It is not an entirely humourless autumn. But the funniest programmes, *The Two Ronnies* and *Hi-De Hi*, both BBC, are both returning series—the umpteenth return in the Ronnies' case. They have still not palled on me, but a three-channel television system in supposedly the best season of the year ought to be able to produce a more positive response than that.

Prussian art in Berlin

by RONALD HOLLOWAY

When the three-month-long Prussian Art Exhibit in Berlin closed recently at the end of November, it was estimated that a total of 575,000 visitors had passed through the portals of the Martin-Gropius-Bau in the Kreuzberg section of the city smack against the ominous Wall. The exhibit was a bone of controversy from the beginning, for the simple reason that Prussia as a State, or state of mind, was practically declared nonexistent by the Four Powers in 1947. Still, Berlin was there — one of the great cities of Europe, even in its present divided self—and there is plenty to be said for history and culture, particularly the history of culture, whenever her name is mentioned.

Berlin was referred to in her glory days as the "Spree-Athens." The architectural gems of Schlüter, Knobelsdorf, and Schinkel testify to that alone. What is not very well known is the side of Prussia unmarred by militarism and the shadow of National Socialism—her tolerance for peoples and religions, the grace and beauty of a vibrant Berlin for more than two centuries, and the strains of wit and humour in her best authors and writers. The 33-room exhibit, and an accompany five-volume cassette-catalogue ("Ausstellung Berlin 1981 — Preussen," Rowohlt Verlag, Hamburg), covered these areas as though an archaeological dig had just stumbled on the ruins of an ancient civilisation.

The joys of the past months, indeed, were plentiful for anyone addicated to browsing for the fun of it: that magnificent *Kaiserpanorama* with 25 peep-holes in room 28 of the main exhibit at the Gropius Building; an outdoor concert under Caspar Richter's direction, "*Menschenbrüder*," at the same site, which formerly housed the Gestapo's torture chambers; the tongue-in-cheek spoof of the past, "*Le musee sentimental de Prusse*," in a wing of the Berlin-Museum (a creation of Marie-Louise Plessen and Daniel Spoerri); the equally earnest and endearing exhibit, "Berlin between 1789 and 1848: Facets of an Epoch," at the Academy of Fine Arts.

Another treat of a lasting nature was the release — one hopes, officially — of the "Prussian Films" produced under the Third Reich. None of them are boring, the half are more than memorable, and some are downright spectacular. The only blight on this program was the briefly displayed "Admission Only to Seminar Members" sign before an arbitrarily selected series presented by the "Friends of the German Kinemathek." After more than 40 years of waiting to see some of these dreadful examples of naked Nazi propaganda, the audience took the lectures in good spirits — then settled back to swallow the heroics of Frederick the Great whole.

Chicago Film Festival

No one knew why for sure, but the bare fact was there: the 17th Chicago International Film Festival was over last year's attendance totals with a third of its scheduled 70 films still to run. This is the only competition festival for feature films in the U.S., with an operating cost of $350,000 and a growing local public that will now support almost anything of quality that comes along. Michael Kutza is surely festival director Number One, so far as European film-makers are concerned who like to travel to take their bows.

One of them this year was Frank Ripploh. His job was to boost his gay comedy, *Taxi zum Klo*, out of the sticky hands of censors and puritans, to boost it, if possible, up to the heights of a legitimate social statement for the art-house clientele scattered across the continent. The Chicago festival, with two sell-out presentations-in-person, guaranteed just that status in one fell swoop. *Taxi zum Klo*, despite 3 minutes and 40 seconds of rather rough visual material, has been booked now into Boston's Nickelodeon, San Francisco's Lumiere, and Chicago's Biograph — to say nothing of the respectable Cinema Studio in New York (where it opened after appearing in the entries at Lincoln Center and the New York Film Festival last September.

Chicago's singular advantage is its time slot — at the end of the season, in November (the same as the London Film Festival). Kutza and executive director Suzanne McCormick can pick the best of the festival fare still without an American distributor over the past year since Berlin and Cannes. Another reason for its success is the skilful retro scheduling of Name Directors (this year, François Truffaut and Leopoldo Torre Nilsson) with National Series (French, German, Canadian, American Independents) and Critical Successes (Alain Tanner's *Light Years Away*, Manuel Gutierrez Aragon's *Maravillas*, Andrzej Wajda's *Man of Iron*) for a balanced programme in two theatres over an active three-week period. The wares are then sold to the public on an intimate contact basis with the audiences in the theatres.

The German films won all the top prizes in a salute to the "Second Generation of New German Cinema" as exemplified by Margarethe von Trotta's *The German Sisters*, Percy Adlon's *Céleste*, Jeanine Meerapfel's *Malou*, and Frank Ripploh's *Taxi zum Klo* (Ripploh received a Bronze Hugo as well for "Outstanding Achievement in Personal Filmmaking"). My vote would have gone to an Oldie, if it had been asked—to the George Eastman House presentation, with a 15-piece orchestra, of Herbert Brenon's silent adaptation of James M. Barrie's *Peter Pan* (1924). It was the first time that the Eastman House had ventured to the road with a silent classic accompaniment (others in their repertory are *The Phantom of the Opera* and *The Last Command*), but it won't be the last by any means —there are 200 landmark theatres, movie palaces, scattered across the country that are just like the gorgeous Granada in Chicago!

RONALD HOLLOWAY

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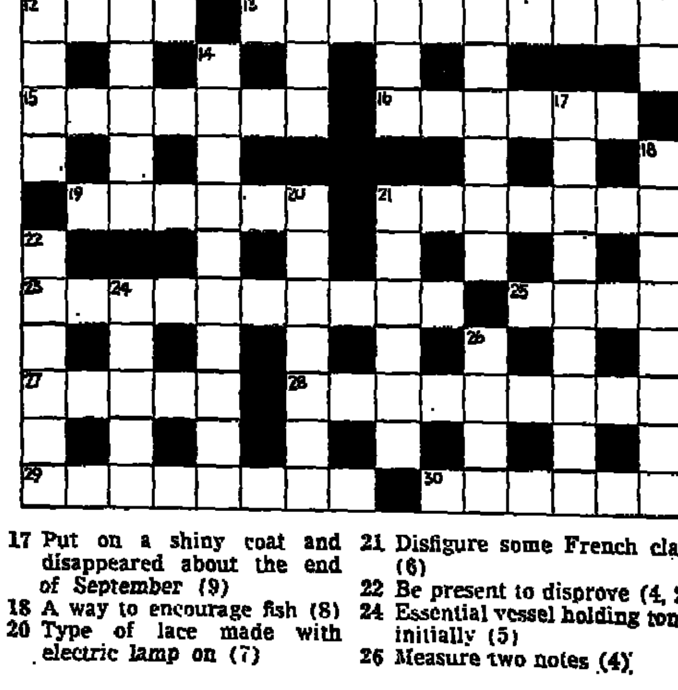
F.T. CROSSWORD PUZZLE No. 4,745



ACROSS

1 Incongruous as clouds may be (6)
4 Difficult part for a horse? (5-3)
10 Must accept nought before pain emanates from the lip (9)
11 Land that is leased (5)
12 Attend to school returns (4)
13 Stop underground in alley with chief (6, 4)
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21 Jog and follow Shakespeare's crone (7)
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30 Sinew needed to serve on (6)

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5 Vibrate like a choirboy's voice around end of anthem (7)
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21 Disfigure some French class (6)
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24 Essential vessel holding tonic initially (5)
26 Measure two notes (4)

Solution to Puzzle No. 4,744

■	E	L	E	C	T	R	I	C	C	H	A	R	G	E
T	■	A	■	O	■	E	■	O	■	E	■	O	■	A
R	U	N	U	P	■	F	O	R	W	A	R	D	E	R
I	■	D	■	I	■	L	■	O	■	R	■	I	■	M
P	I	A	S	T	R	E	■	T	I	T	A	N	I	A
O	■	G	■	■	■	C	■	■	■	L	■	■	■	R
S	T	E	A	M	■	T	A	B	L	E	T	A	L	K
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C	U	T	A	N	D	R	U	N	■	S	O	L	I	D
U	■	■	■	E	■	■	■	G	■	■	■	O	■	O
R	A	T	A	F	I	A	■	O	F	F	I	C	E	R
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Wednesday December 9 1981

Lorries and people

THE Government faces the possibility of embarrassment in the House of Commons tonight because of an Opposition motion criticising its policy towards heavy lorries. It deserves all the flak it can be given, short of defeat.

It is sometimes said that this is a dry, technical matter. Certainly that is how Mr David Howell, the Transport Secretary, managed to present it when he introduced the White Paper on the subject last week.

Here are his concluding remarks: "I sought to make it clear—if I did not, I do so now—that the proposed 38-tonner would mean an increase in the drive axle weight from 10.17 to 10.50 tonnes. However, I confirm that for the proposed 40-tonner the relative figures for the five axles are six, eight nine and nine tonnes (sic, according to Hansard), which in no case is as high as the 10.17 tonnes on the existing 32.5 tonner, and also the spread would be better. I hope that I did not mislead the House in any way."

Paradox

Mr Howell is the classic example of a Minister who can no longer see the wood for the trees. Of the eight Conservative Members called last week, only one spoke in his favour. Among the six who were hostile, two said outright that they would vote against his proposals. The remaining Member was at best neutral, seeking after information rather than declaring his position.

And yet this is an issue on which the present Government began with the best of intentions. It recognised that lorries do matter. They matter to people and they matter to the economy. There is also a paradox here. People want lorries because they are the most efficient and flexible means of transport, especially in an island state like Britain. But they also object to lorries because they seem to interfere with the environment. They are seen as large, noisy, dangerous and smelly.

As so often nowadays, this is not a question on which people divide on conventional lines of Left or Right. If the control of the lorry is primarily a Conservative cause, it is only because more Tory MPs tend to come from rural or semi-rural areas which are not protected by by-passes. Thus Mr David Crouch, the Tory member for Canterbury, was among the sharpest in his condemnation. Canterbury is being ruined by lorries.

It is an issue on which we have a choice between efficiency, looking after the environment, and building more roads, or any combination of the three.

Impact

The Government started well by appointing the Armitage Committee to consider "the causes and consequences of the growth in the movement of freight by road and, in particular, of the impact of the lorry on people and their environment; and to report on how best to ensure that future development serves the public interest." The Committee duly examined the question in all its aspects, historical, geographic, environmental and economic.

In theory, the Government did even better by rejecting one of Armitage's most striking recommendations: namely that the maximum gross weight of lorries should be raised to 44 tonnes. Instead the White Paper opts for a maximum of 34 tonnes for four-axle vehicles and 40 tonnes for five-axle vehicles. This seems to us an entirely sensible decision.

Recommendations that the roads programme must be adapted to take account of these heavier weights have been broadly accepted, within the limits of financial resources. Indeed, since Sir Geoffrey Howe, the Chancellor of the Exchequer, told the House of Commons last week that road tender prices have fallen substantially, it looks as if the roads programme will emerge more or less unscathed.

Presentation

The point that Mr Howell was trying to make was that lorries will be heavier but not bigger because they will be allowed to be loaded to their maximum capacity. The costs of road freight transport will, therefore, become cheaper.

At that stage he got lost and the Government's proposals looked like a shambles. There could be no clearer instance of the Government sometimes having the right policies, but failing to put them across because of abysmal presentation. These particular proposals, however, should still be supported.

Mr Foot begins to fight

NO ONE who has criticised Mr Michael Foot's leadership of the Labour Party on the grounds of his failure to resist infiltration from the far Left can fairly attack him now for taking on Mr Peter Tatchell and the party organisation in Bermondsey.

Mr Tatchell may be a slightly unfortunate victim—of time and circumstances. It appears that he is not even a member of the Militant Tendency, the group which, more than any other, has been systematically bent on taking over the party for the hard Left. His political beliefs seem to be no more extreme than those of some Labour MPs. As for the claim that he was advocating anti-Parliamentary activity, he now says that he meant merely extra-Parliamentary. Quite a lot of Labour MPs have gone along with that, including Mr Foot.

Decision

But there may soon be a by-election in Bermondsey, hitherto a solid Labour seat, which it would be a catastrophe for the party to lose. Mr Foot also seems to have decided that his efforts to placate the far left have gone far enough. He has offered the olive branch several times to Mr Tony Benn, only to see it spurned. This time he has chosen to fight for the Parliamentary democracy and for the Labour Party in which he believed.

Anyone who wants the preservation of a democratic system, with as wide a range of political choice as possible, must welcome that decision. The real question, however, is whether he or anyone else any longer has any chance of rescuing the party before the next general election.

Battles

By any standards, Mr Foot's leadership so far has been disastrous. He was elected in the interests of party unity. Yet so far from keeping the party together, he has seen a significant and growing section peel off to form the Social Democratic Party which, according to the opinion polls, confirmed by the by-election results, has become the most popular force, when allied with the Liberals, in the country. That is precisely the opposite of what he was meant to achieve.

It is pointless to criticise him for not doing what (say) Mr Denis Healey might have done in his place: that is, stand up to the left from the start. The fact is that on most of the policy issues which engage him—nuclear disarmament or the Common Market—Mr Foot is left wing himself, much more in tune with Mr Benn than with Mr Healey. It is a left-wing party that he wants to lead, but a democratic one. Only the threat of anti-parliamentary action and possible annihilation at the polls have stirred him to play the strong man now.

The campaign which he is undertaking is a formidable one. It is possible that he will win in Bermondsey; he has already won on this particular question in the organisation committee of the Party's National Executive Committee. But the battles may have to be refought all over London and in other constituencies besides. Even then there will still be a hard core of Left-wing opposition to Mr Foot within the Labour Party, including the Parliamentary Party.

Much will depend on how the far left chooses to play it. They could go for a truce on the grounds that Mr Foot is the most left wing leader they are likely to have capable of winning a general election, if indeed the far left really is interested in securing electoral power in the not-too-distant future.

Unions

A great deal more will depend on the unions. So far they have financed the Labour Party, attempted to reform it, and seen their future tied to the restoration of a Labour government. If the prospects of that begin to recede indefinitely, sooner or later the unions must change. If Mr Foot is to succeed in his attempt to root out the Militant Tendency, the unions must help him. For without the unions, Mr Foot's Labour Party will have finally lost its *raison d'etre*.

SUB-SAHARAN AFRICA

The poorest get poorer

By Quentin Peel, Africa Editor

THE BATTERED tin tables in the transit lounge at Mozambique's Beira airport had been carefully draped with clean white cloths and, in the centre of each, some inspired airport worker had placed a small vase of slightly wilting fresh flowers.

It was a gesture quite out of keeping with the desolate surroundings of the airport, where the air conditioning has long ceased to function, and the occasional passing passengers have ceased to care. Yet no particular dignitary was expected.

"This is what our President Machel means when he says we must break out of the psychology of underdevelopment," a government official explained. "We must show that man can transform his environment, and should not be a fatalist. He says every peasant should plant flowers, as well as food."

For President Samora Machel, one of the more impassioned exponents of Third World solutions to the crisis of underdevelopment, the problem is, at least in part, a psychological one. Others see it as essentially political: requiring a once-and-for-all transfer of wealth from the industrial nations to the poorest countries. Still others believe that it can be resolved by economic and technological development, however laborious and extended a process that may be.

Yet all agree that Africa has reached a point where some drastic action is required.

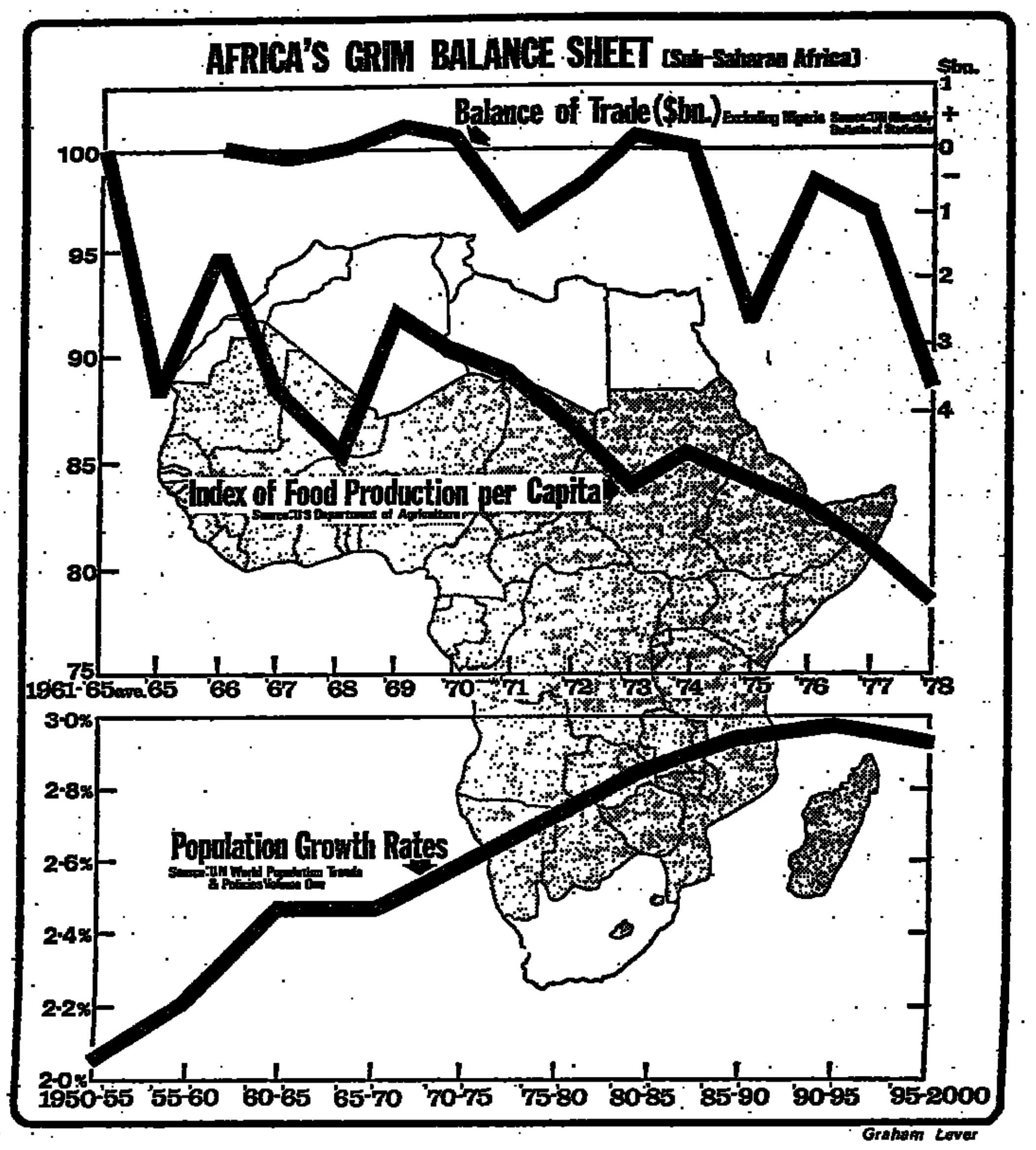
Just 25 years after the start of Africa's decolonisation process, the continent's 39 sub-Saharan black nations (40 if you include Namibia) are facing an unprecedented economic crisis.

The oil-importing nations of Africa began at the poorest end of the international scale — 20 of the world's 30 poorest states are African — and the gap with both the rich and the rest of the developing world has got wider. Their life expectancy is lowest, and infant mortality highest, while their population growth has overtaken Asia and Latin America.

The continent also suffers from chronic political instability, a reflection in part of arbitrary colonial boundaries which bear little relation to links of language, tribe or culture. Only a handful of countries, such as Nigeria and Botswana, can boost a multi-party democracy. Elsewhere, power tends to change hands by coup.

Indeed, the problems of political consolidation in Africa are a crucial factor complicating economic development. They make difficult economic decisions even harder to take: all too often, a move to raise food prices can spark off civil (or military) unrest, and the possible violent overthrow of the government.

It is this conflict between economic pragmatism and political necessity which is at the heart of a debate over two major reports* on Africa's prospects for the coming decade.



Graham Lever

Both the World Bank and the U.S. Department of Agriculture have produced exhaustive studies which focus on how Africa can break out of its cycle of underdevelopment.

The economic background is stark. Between 1960 and 1979, per capita income in sub-Saharan Africa grew by less than 1 per cent a year, while during the last decade, 15 countries actually recorded a decline. The combined current account deficits of the oil-importing states rose from \$1.5bn to \$8bn between 1970 and 1980, and their outstanding foreign debt from \$6bn to \$32bn.

Perhaps most critical of all, Africa's ability to feed its exploding population has long fallen short of consumption, and the gap is continually widening. Food imports are a major and growing item in the worsening balance-of-payments equation. While the import bill is soaring, commodity exports have stagnated.

Agriculture is therefore the primary concern of the World Bank study, as well as the U.S. document.

The most far-reaching and contentious proposals come from the Bank, whose report has already come in for sharp criticism from African leaders. The problem is that the document belongs firmly to the economic school, and not the political, in seeking solutions. It argues that much of the blame for Africa's plight must be placed on misguided domestic policies, rather than on unfair international trade patterns.

The analysis is thorough and persuasive. It underlines the remarkable similarity in many of the problems facing the sub-Saharan states, whether they are substantial oil exporters, like Nigeria, mineral-rich, like Zimbabwe and Botswana, or improverished mono-economies like the Sahel states. The essence of the problem is enabling traditional subsistence agriculture to produce a surplus.

On the one hand, the Bank economists admit that structural constraints have been a major factor in the poor growth record. These include the abysmal lack of trained manpower left behind by the former colonial rulers (Zaire was left without a single African doctor, lawyer, engineer or army officer, to cite an extreme example); the political fragility; the rigours of the African climate, and the prevalence of debilitating diseases.

Africa's population growth has been aggravated by rapid urbanisation, itself a major cause of soaring food imports. The new urban elites have acquired new tastes for food such as wheat and rice, which are not traditional crops. Those two cereals alone account for more than 80 per cent of all cereal imports.

Other important constraints are external—but equally difficult for African governments to change in any dramatic way. They include the stagflation of the industrial economies (still the continent's principal markets), soaring energy costs and the deterioration in many countries' terms of trade.

Yet the World Bank argues that although both structural and external constraints account for part of Africa's lagging growth record, they are not the most important factors. That, the report argues, is the continent's appalling agriculture record—and much of the failure is directly attributable to misguided government policies.

The heart of the report is what its authors euphemistically describe as "domestic policy inadequacies," and they pinpoint three areas: trade and exchange rate policies; over-extended public sectors; and a consistent bias against agriculture. What they are seeking—and why their report is likely to run into considerable resistance—is classic liberalisation of trade and pricing policies, including devaluation and a lower profile for government in key areas such as buying and marketing, transport and even welfare services.

CURRENT ACCOUNT DEFICIT

Oil-importing black Africa (in 1978 \$bn)

	1970	1973	1975	1978	1980
Current account deficit	1.5	1.9	6.4	6.6	8.0
Financed by:					
1. Net capital flows					
Aid	1.6	2.1	3.2	3.2	4.3
Private direct investment	0.4	0.4	0.4	0.3	0.3
Commercial loans	0.8	1.1	1.9	1.9	2.1
2. Change in reserves and short-term borrowing*	—1.4	—1.7	1.0	1.1	1.3
Current account deficit as a per cent of GDP	2.4	3.6	9.5	8.8	9.2
Aid as per cent of GDP	2.7	3.9	4.7	4.4	5.0

* Minus sign indicates increase in reserves.

Source: World Bank

The Bank report argues that exchange rates rose in 19 out of 27 African countries in the past 10 years—and that the prevalence of high profits from smuggling, currency black markets, and the declining market share of African exports prove that currencies generally are overvalued.

As a result, food and consumer goods imports are kept artificially cheap, reinforcing the bias against the rural areas. Returns to African farmers for their export crops are depressed, and indeed often do not even cover local costs.

Farmers also face a squeeze because of high levels of effective taxation—whether direct taxation on their exports, to boost government revenues, or indirectly in the form of artificially depressed producer prices. Parastatal buying and marketing boards have a poor record of efficiency, a reflection in part of the overstretched public service. Hence the growth of "parallel markets" and smuggling, where prices both for cash crops and cereals can be anything up to two or three times the controlled official price.

Yet the World Bank's emphasis on pricing may be overstated. As the U.S. study points out, the price mechanism is only effective where a genuine market exists. In much of Africa, the lack of an efficient distribution system means that whatever the price offered to peasant farmers, they cannot always respond.

By focusing more closely on the specific agricultural requirements of meeting Africa's food gap, the U.S. study is also forced to come to much less sanguine conclusions than the Bank. One stark warning is that any major effort to replace imports with domestic production would require a huge increase in the area of land under cultivation. Moreover, only a country like Nigeria, with substantial oil revenues, can afford the sort of technical inputs required.

The U.S. report also stresses the impracticability of a sudden switch in policy to favour rural over urban areas by allowing food prices to rise to their market level. This is really the heart of the African dilemma: prices must be raised if food production is to recover, but higher food prices frequently lead to political unrest in a politically volatile climate.

The same is true of devaluation as a conscious strategy: it would hit the urban elite, upon whose support — as both bureaucracy and electorate — any African government depends.

Yet even if the Bank's argument is unpalatable, it does focus on several helpful policy directions.

One is essentially the message that "small is beautiful" — especially in agriculture, that much more should be done to promote smallholder development, and less concentration on capital-intensive, large state farm projects.

Development projects should also include good agricultural land and more prosperous peasant farmers, rather than simply concentrating on marginal land and the poorest, the Bank argues—again a proposal likely to clash with equity aims of socialist governments.

The other clash is likely to be over the whole question of reducing the role of public-sector bodies in African economies. Centralisation was originally adopted because of the shortage of management skills: the Bank is now arguing for decentralisation for the same reason—governments are unable to administer such wide areas of economic activity.

The danger is that many of the helpful suggestions in the Bank document and the U.S. study will get lost in the political debate over state control versus free enterprise. Perhaps the Bank has overstated its case for liberalisation but its proposals suggest the sort of radical therapy which African economies must consider if they are to break out of their present drift. What is needed is a change in psychology for governments as well as peasants.

* *Accelerated Development in Sub-Saharan Africa, The World Bank. Food Problems and Prospects in Sub-Saharan Africa, U.S. Department of Agriculture.*

Men & Matters

To have and to hold

With the Monopolies and Mergers Commission finally unburdening itself on the subject of House of Fraser over the counter of HMSO this morning, time to focus on another knotty little situation currently under its scrutiny—the siamese twinning of BTR and Serck.

BTR, it will be remembered, had already won more than half the Serck shares when the bid was referred to the MMC on November 7. BTR decided to proceed with its mopping-up operation and the Takeover Panel gave its blessing. Two weeks later, BTR had 97 per cent of Serck, together with a caution from the Office of Fair Trading that the acquisition was still subject to MMC approval.

So far so good. Except that on page one of BTR's October 16 offer document, it was stated by the Serck Board that "on the offer becoming unconditional, the present Non-Executive Directors of Serck will resign from the Board. At the request of BTR, the present Executive Directors of Serck will resign not later than December 31, 1981. . . ."

Well it did, and they have or will. So what price a company with no managers, should the MMC decide, as it has the option to do, that Serck should be ripped untimely from its foster-mother's womb?

To be perfectly frank, I do not know — and I think the answer may also require a bit of thought on the part of the MMC. I gather that an order from the Department of Trade came into force this morning restraining BTR in its behaviour towards Serck. But maintaining corporate and legal integrity is one thing: keeping directors bolted to their Boardroom table is another. Somehow, Serck and the MMC have become inextricably entwined with one another over the past few years. The present tryst is evidently far from over.

Flying tonight

Did you know that one way of preparing a Peking duck is to blow it up with a bicycle pump? There is more to this duck business than one might think, as I was told by Joseph Buckner shortly before he collected his third distinction this year for unflappable services to poultry.

Already this year Buckner has trotted on to the platform to be proclaimed runner-up in the Institute of Directors/British Airways salesman of the year awards, and president of the British Frozen Foods Federation. Yesterday, he was on his way to the House of Commons to receive the Poultry Marketing Award.

Buckner, vice-chairman of Cherry Valley Farms, sells around 5m feathered friends a year, but the coup which has brought in the plaudits has been the poulterers' version of coals to Newcastle, namely selling ducks to China. He has been hankering after just such a contract for eight years now, ever since he discovered the attractions of the Far East market through a contract to sell ducks' feet to Hong Kong. The British housewife, it seems, doesn't take too readily to a casserole of webbed wonders and Cherry Valley likes to find all of its ducks a profitable home, not necessarily all in one piece.

What is it in the duck which lures Buckner on to new heights of export achievement? The bottom line? Or a good working relationship with the merchandise? "I live among them and you have got to respect them," he explains, "they are wonderful little things—nothing in ducks that has not beneficial to the world."

And doth each man kill the thing he loves? Or, to put it another way, is Buckner partial to a duck when death and the oven have done their preprandial work? Yest indeed, plain and roasted for preference.

Bitter sweet

An unclouded future as brewers of real ale seems to lie ahead for Tring Hall director Chris Baker and the 130 or so other City folk of taste who teamed up less than two years ago to found the Tisbury Brewery in Wiltshire.

A year after it came on draught, their main brew, Tisbury Local Bitter, has won the supreme championship at the Great Western Beer Festival in competition with 80 other potions, including such established favouries as Courage Best, Ruddles County, and Theakston Old Peculiar.

Baker, chairman of the company which paid £70,000 for an old disused brewery and set up in business in March 1980, says that sales have now risen to about 35 barrels a week — still short of a brek-even point of 46 barrels, but an outflow of promise.

Five hundred real ale campaigners took a special train to Tisbury only last weekend to sample the brews and, from various recumbent positions, also comended its heavyweight Old Grumble.

The company now proposes to raise £206,000 by a rights issue to expand the market for the bitter which, it modestly claims, "improves your dart playing and makes life outside a little more bearable."

Self service

Sir Derek Rayner, the Government's watchdog on waste, is to investigate the efficiency of the employment service provided by the Manpower Services Commission.

And who ensures the efficiency of Rayner's inquiry unit? Why, none other than John Cassels, director of the MSC for six years earlier this year, and now a second permanent secretary in the Cabinet Office.

Spent force

Another secret of Japanese business success is revealed in a survey by the country's National Tax Administration: 1.2 per cent of the Japanese gross national product is spent wining, dining, nightclubbing and gift-giving on company expense accounts. In cash terms, that acounted to Y3.1 trillion in 1980, or \$14.3bn. The Japanese defence budget, by contrast, is arrack the best form if defence?

Job lot

Sign in a rear window of a car in Bradford: "I lost my job through Thatcher and Co., Britain's biggest employment contractors."

Observer

SEALINK MERGER BLOCKED

Hard choices in the Channel

By Andrew Fisher Shipping Correspondent

SEALINK UK, the ferry arm of British Rail, was jubilant yesterday, on learning that it was after all to be saved *from the* ambitious clutches of European Ferries.

Near the end of one of the toughest years Britain's ferry companies have ever had the Monopolies and Mergers Commission has given a clear thumbs-down to the European Ferries plan to launch a bid for Sealink.

Both companies have large slices of the cross-Channel and other ferry markets, for passengers and freight and a merger would have created an unmistakeable monopoly. Even without Sealink's European partners, such a combination would have had well *over half* the market.

For this reason, other operators such as *P & O Ferries* were extremely nervous at the thought of the merger, but the news that it is not to go ahead still leaves major problems. The individual ferry companies are going to have to strive hard next year, just to return to the black.

The ferry market from Britain to the Continent has *expanded enormously* in the last few years. Between 1972 and 1980, there was a rise of just *over 70 per cent* to 2.8m accompanied tourist vehicles. European Ferries accounted for 1m *of* these. Sealink UK *for* 365,000 and its European partners for 478,000.

There have also been several new entrants — and more than a few casualties — on the cross-Channel, North Sea, and longer routes on the western Channel to France.

If and when a Channel tunnel (or bridge) is built, the whole economics of ferry operation is likely to undergo a violent change. The Monopolies Commission's report steered away from this question in the merger context, but ferry companies and Dover Harbour are all too well aware of the implications and have been lobbying hard against any such project.

The highly publicised price war of the past two years has weakened the ferry companies' finances considerably. And one of European Ferries' key arguments was that a merger would be an ideal way of cutting excess fleet capacity and reducing costs.

But the commission has decided that, even if this were so, the market share gained by a merger would have made *it unacceptable. Competition* would have been reduced, especially on the short routes *to France with lower cost structures*, and the entry of new operators would have been all the harder.

The Government, which has had the commission's report for *some weeks*, was quite *clear in* accepting its recommendations.

For Sealink, the report provides *a further breathing space* while it tries to work out ways of attracting private capital in *line with the Government's* intention of taking it out of the public sector.

In its present state, however, with losses of over £6m last year on ferries and the certainty *of a much heavier deficit for* 1981, the company hardly represents a very attractive investment.

The target set by the Government of a 5 per cent return on capital will be extremely hard, if not impossible, to attain under present market conditions.

Even with the recent pick *up in* freight volume and passenger fare rises of 15 per cent or so in 1982, Sealink UK *will find it tough to* move back into the black.

Several things have happened *this year which make it certain* that the ferry business in 1982 and later years will be a lot *different from that of recent* years. Not least are the heavy losses announced by such operators *as P and O and Townsend* Thoresen (the subsidiary under which European Ferries runs its ships).

The first half of 1981 saw a trading loss of £5.2m for P and O *Ferries, and one of* £9.3m from European Ferries on the shipping side. Against this back*ground, fares are bound to go* up along with freight rates.

Meanwhile, after a false start *early this year, P and O finally* decided to shut its service between Liverpool and Belfast on which annual *losses were* running at over £1m. Because of the emotive nature of this direct link with Northern Ireland and growing union anxieties over the gradual rundown in seamen's jobs in the UK fleet, P and O met with considerable *opposition*.

Sealink is also pondering what to do about its Newhaven *to Dieppe service*, another loss-maker. This is operated with French Railways (SNCF), a *major European partner*. The others are Regie des Transports Maritimes (RTM) of Belgium *and Stoomvaart* Maatschappij Zeeland (SMZ) of the Netherlands.

None of these companies was in favour of a Sealink merger with European Ferries. Nor were the unions

This summer, however, the Monopolies Commission took a *very different view of another* important aspect of the ferry market, namely, the proposed *merger of two hovercraft* operators.

That merger was allowed to *go through because otherwise* hovercraft would have gone out of business across the Channel and ceased to provide any effective competition to other companies. As a result, Seaspeed, formerly owned by British Rail, and the Swedish-*controlled Hoverlloyd combined* to form Hoverspeed.

The separate companies both lost money *last year, though* Hoverlloyd had previously been in profit. Hoverspeed has been *making optimistic noises about* breaking even in 1982 and possibly achieving a pre-deprecia*tion profit of £2m to £4m.*

• Hoverspeed also hopes to attract other private shareholders, preferably from Europe. The French intention of taking a direct share in the company comes as France is working on its aim of boosting its share of cross-Channel traffic.

In a few years, French fleet expansion plans could well lead to another Channel price war, according to Mr John Cumberland, managing director of Hoverspeed.

Whether the French fleet *will be expanded rapidly re*mains to be seen. Hoverspeed also has to prove itself. Its *competitors would dearly like* to see it go out of business eventually, thus proving the *Monopolies Commission wrong* in allowing the merger

European Ferries was not *happy about the decision to* permit Seaspeed and Hoverlloyd to combine. Justifying its *own intention to bid for Sea*link for up to £50m, it said the British Rail subsidiary would not cut capacity or costs by enough if left to its own devices.

The company contended that by withdrawing excess ships from the Anglo-Belgian and Anglo-French short sea routes and from the Weymouth-Cherbourg and Irish routes, about £33m a year could be *saved (including nearly £16m* in crew costs). Reducing shore establishments would save a further *£8-10m if the* merger was allowed.

It said that about 800 of Sealink UK's workforce of 10,500 were employed in its administrative headquarters, suggesting gross over-manning. *Thus European Ferries would* have no use for most of the head office staff and there *would also be a loss of some* 1,650 seagoing staff, including 400 employed seasonally.

The company argued that this potential loss of jobs would be offset by the *benefits of a merger. Its own* employment had risen from 2,850 in 1970 to 7,000 in 1981 *(excluding the Singer and* Friedlander merchant bank).

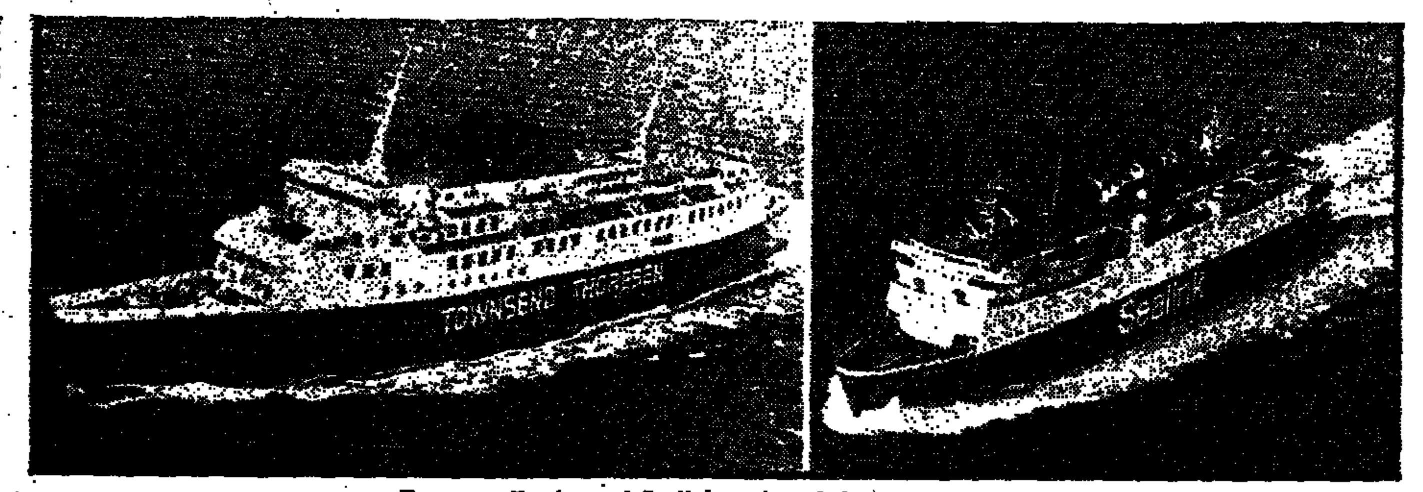
Combining European Ferries *with Sealink UK only* would give a merged company 58 per cent of accompanied tourist *vehicle traffic out of Dover*. Including Sealink's European partners, the share would have *been 84 per cent*. For container freight, the figures were estimated at 63 per cent and 87 per cent respectively.

The ports of Larne, Cairnryan (both owned by European *Ferries), and Stranraer (Sea*link) would handle a dominant share of Northern Ireland traffic. *Ports serving* routes to Belgium and Holland, namely Harwich (Sealink), Felixstowe (European Ferries), Dover West (leased from the Dover Harbour Board), and Folkestone (Sealink) would *handle a major* share of total traffic to those countries.

So keen was European Ferries to gain the go-ahead to buy Sealink UK that it was even pre*pared to submit to price regula*tion by the Government. It also said it would seek to keep the agreements with SNCF *and* the other partners.

In the end, European Ferries *never even reached the starting* line. No formal bid had been made and the company had been *patiently holding back while the* Monopolies Commission deliberated. For the moment, ferry routes from Britain remain a competitive and loss-making free for all.

Monopolies and Mergers Commission report on proposed merger between European Ferries and Sealink. £5.85 SO.



European Ferries and Sealink: going their separate ways

WHAT THE MERGER WOULD HAVE MEANT

	Accompanied tourist vehicles: EP* plus Sealink UK only	Accompanied tourist vehicles: EP* plus total Sealink carryings	Freight: EP* plus Sealink UK only	Freight: EP* plus total Sealink carryings
Routes to France	53% (France and Belgium/Netherlands combined)	71% (France and Belgium/Netherlands combined)	50%	59%
Routes to Belgium and the Netherlands			40	51%
Routes to Northern Ireland	83%	—	65%	—
Routes to the Republic of Ireland	60% (approx)	—	35%	—
Routes to the Channel Islands	100%	—	100%	—
Routes to the Isle of Wight	70%	—	69%	—

* European Ferries

Source: Monopolies Commission

Lombard

EEC divisions on trade policy

By Paul Cheeseright

IN THE MATTER of trade the EEC seems friendless. In Geneva, where trade disputes ebb and flow in and out of the portals of the General Agreement on Tariffs and Trade (GATT), the EEC is at logger*heads with its major trading* partners of the industrialised world and is rapidly antagonising those in the developing world.

Like a lumbering giant, it reacts to pinpricks from other *countries* but seems incapable of taking the initiatives which its own size and power demand. *In more normal* economic conditions this would not perhaps matter. But the world trading *system, buffeted by recession*, is at a crossroads.

The 86 member states of GATT have decided to hold a ministerial conference next year. It should play a decisive role in deciding the shape of the trading system for the rest of the decade. Either it will hold the line against protectionism, and even move towards *further liberalisation*, or it will tacitly accept the pressures for protectionism implicit in the current *spread of bilateral* agreements hindering the flow of goods.

It is a basic choice. Yet the EEC is not well-placed to decide its stand. Its official pronouncements will *always favour* the first course, but its actions have supported the second. And *it is the EEC's actions which* have left it more and more isolated. When it acts, it reacts *to events. That is the only way* its tortuous decision-making process functions.

Lacking a coherent policy *because its internal politics* and economics are diverse and contradictory, the EEC has drifted *on to the defensive*. Once its own internal compromise has been reached, its *negotiators have no flexibility*: they can only ask trading partners to accept or reject their stand.' *Such an approach* makes it difficult, if not impossible, for the EEC to decide what, if anything, it wants out of the Ministerial conference.

More immediately this hobbled posture is causing problems which could drag the Ministerial conference into failure even before the agenda has been settled.

Many of these problems stem from the Common Agricultural Policy and the use of subsidies to support European farm ex*ports. Thus, the EEC* is under rising pressure from the U.S. and the medium-sized exporters like Australia, New Zealand, Brazil and Argentina. They are prepared to apply the GATT disputes procedures to bring *the EEC to book, using them* more like a court than the exercise in conciliation they were intended to be.

The U.S. pressure on agricultural subsidies is part of a more *aggressive trade policy*, aimed at opening up markets, or indeed building retaliatory barriers against those which surround themselves with obstacles—hence the dispute over EEC *steel sales in the* U.S. which will be the subject of high level talks in Brussels *on Friday*.

The very aggression of the U.S., allied to the relatively *clear idea* of the Reagan Administration of what it wants, has enabled it to isolate the EEC in the sensitive textiles negotiations for a new international Multi Fibre Arrangement.

U.S. officials will admit privately that in essence their *position on holding down the* imports from developing countries is not very different from *the EEC's*. But the fact that the U.S. was able to state its position, while the EEC member states were still squabbling about issues like how to handle surges in imports, has enabled it to present itself as a mediator between the EEC and the developing countries. The EEC, *unable to define its approach* until pressure for a stand is overwhelming, has lost the *initiative and found* itself isolated.

Such indecisiveness is a sign *of the strains within the EEC* over protectionism — strains which emerge whenever traditional industries are discussed and which show increasingly when new industries like electronics become the subject of trade negotiations. Yet, as a free trading area itself, the EEC has to negotiate as a bloc. Unless the EEC is to remain continually on the defensive, the foreign trade ministers will have *to take a leaf out of the* foreign ministers' book and seek early, not forced, co-ordination.

Letters to the Editor

Proposals for juggernauts, people and environments

From the President, General Council of British Shipping and Chairman, Associated Container Transportation (Australia), and the Chairman, Overseas Containers

Sir,—We are most concerned that today's debate in the House of Commons may go against the very reasonable proposals in the *Government's White Paper* "Lorries, people and the environment."

The world's trade *is* increasingly moving *by container*, and the restrictions in this country affect the carriage of our exports and imports over thousands of miles by sea. UK exporters and importers are thus put at a competitive disadvantage, jobs are needlessly at risk and prices in the shops are higher than they should be.

The EEC has made proposals, so has Armitage and now the Government. The latest proposals pay due regard to the environment. Heavier lorries do not mean bigger lorries, but *they do mean fewer and there* will continue to be strict controls on axle loadings.

It would be tragic if the House of Commons rejected the Government's proposals.

Edmund Vestey,
(Sir) Ronald Swayne.
General Council of British Shipping,
30-32, St Mary Axe, EC3

Presentation of the world's unemployment figures

From Mr J. Straw MP.

Sir,—In his presentation of the unemployment figures (November 25), *Max Wilkinson* provided a table comparing the growth rate of unemployment in various countries, for the last available quarter over the previous quarter. This shows the UK about *half-way up with* a growth rate of 5 per cent—well below that of, say, Sweden at nearly 20 per cent. It tends to give support, therefore, to the Government's claim that, as all countries have rising un*employment*, there is nothing specially disturbing about the trend in this country.

This presentation ignores the fact that, in the last two years, the UK's increase in unemployment has outstripped any of the countries mentioned. In Sweden, for example, the proportion of the work force unemployed in the *last* three months has gone up by 0.4 per cent—compared with a 0.5 per cent increase in the UK. But, because unemployment in Sweden stands at only 2½ per cent, while in the UK it stands at 12¼ per cent, the table *gives a* Swedish rate of increase four times that of the UK's. It is also noticeable that the *list is rather* selective. Countries such as France, Italy, Japan, Denmark, Greece and Australia have *all* been omitted.

A revised table, on the more appropriate basis of the change in the rate of unemployment, *would look* as follows:—

	Change in unemployment rate in last three months (percentage)
Netherlands	0.7
Belgium	0.7
Germany	0.6
UK	0.5
Sweden	0.4
Canada	0.3
Ireland	0.3
Spain	0.2
Austria	0.2
U.S.	0.2
(France	0.2)
Norway	0.1
(Italy	—)
(Australia	—)
(Denmark	—)
(Greece	—0.2)
(Japan	—0.4)

Notes Figures show average of latest available three months unemployment rate compared with the average of the previous three months. The countries added to the FT's table are *shown in parentheses*.

The table covers the period in which, the Government has *claimed*, the "*worst of the* recession was over." Nonetheless, we are still very close to the worst in terms of increases in unemployment.

The world recession is no better an *excuse* than it ever was for the behaviour of UK unemployment.

Jack Straw,
House of Commons, SW1.

Experiences of Nigerian trade

From Mr K. Duckworth

Sir, — Any statement by Mr Adam Thompson, the chairman of BCAL (*November 25*) on Nigeria merits careful scrutiny as coming from one who has done much to promote trade between the two countries.

Certainly we are all pleased by the prospect of the UK possibly being awarded £1.5bn worth of exports to Nigeria. It is viewed with a good deal of misgivings, *however*, by *much* smaller firms whose experience of Nigerian trade is not all smiles.

Mr Thompson says nothing of the well known and widely experienced difficulties in obtaining payment for goods or services rendered, of all kinds. How does he view the action of the Lagos Government in requesting large firms to slow down their remittances to *overseas associates?* Do we take this exclusion to mean that the banking fraternity just simply didn't *want to know and does* Mr Thompson bear in mind the plentitude of horror stories circulating through banks and commercial offices?

Our experience as a small service company has been agonising. Dealing with a government-controlled agency —our experience from start to finish over 2½ years has produced a fine disregard for the terms of a perfectly normal contract.

Mr Thompson's assessment of the *noises of encouragement is* fine but—and it is a big but—his trade is all money up front —*if you don't pay you don't* travel.

Recourse to High Commis*sions and so on does not solve* problems or delayed settlements. In this, small firms get the dirty *end of the stick*. Notwithstanding the difficulties experienced by this firm, we believe Nigeria represents *a huge growth oppor*tunity to UK firms.

President Shagaris' sugges*tion that the British should be* more aggressive in their quest for Nigerian business should be matched by Nigerian efforts to settle their bills promptly within the terms of their agreements.

K. Duckworth.
Duckworth Associates,
30a Sackville Street, W1.

Alternative economic strategy

From Professor B. Reddaway

Sir,—Your account of the proposals of Sir Bryan Hopkin, Professor Marcus Miller, and myself for an alternative economic strategy (December 8) unfortunately includes two errors: the proposed reduction in the exchange rate should have read "by about 5 per cent" not 15 per cent, and the cut in VAT should have read "to 12.5 per cent" *not* 12 per cent. Copies of the full proposals are obtainable from me at £2.

(Professor) Brian Reddaway.
Faculty of Economics,
Sidgwick Avenue, Cambridge.

Peculiar priorities—peculiar name

From the Finance Director, Gower Publishing Co.

Sir,—Mr Brittan's very persistent statement that he regrets current UK policies being called "monetarist" surprises me. It is like saying that, because your *wife is plain*, it would be better if she was not called Jane.

As proprietor of a smaller business, I *can see* features quite distinctly to be termed "monetarist" at the present time. Since it is the quantity of money that is being controlled, interest rates and rates *of exchange are very volatile* indeed: our firm, which bills overseas in dollars, has had *continuous windfall* losses and profits to contend with throughout the past two years, and this *certainly does not make budget*ing and pricing any easier. Control of money supply seems linked to a *target for inflation* quite independent of the need of most businesses—which firm *today would not trade the pros*pect of a fall in inflation from, say, 11 to 8 per cent for a *worthwhile increase in orders*, particularly from the public sector? The form of recession *brought about by these policies* —hitting export-oriented manufacturers and benefiting traders and bankers—is quite unlike those experienced under previous regimes.

Why *should not* this peculiar set of priorities not be called by a peculiar name—"monetarism"?

George Cyriax.
Gower Publishing Company,
Gower House,
Croft Road,
Aldershot, Hampshire.

Balancing the labour market

From Mr E. Lacaldano Sasso la Terza

Sir, — Mr Brittan is obviously right in saying (Lombard, November 30) that the labour *market, having balanced* at rising real wages in the 1960s, it should not necessarily balance at (less rapidly) rising real wages in the 1970s and 1980s. What is not at all obvious is if there is any policy that, if *pursued during* the 1970s and 1980s, could have raised the market clearing real wage. In a situation of large capacity under-utilisation, the hypothesis that this result could be obtained by rising levels of activity *cannot* so easily be dismissed as Mr Brittan would tend to do.

Edoardo Lecaldano Sasso la Terza.
Finmeccanica,
V. le M. Ilo Pilsudski, 92,
00197 Roma, Italy.

UK COMPANY NEWS

Cable & Wireless rises sharply and expects to meet forecast for year

PRE-TAX PROFITS of Cable and Wireless, which was granted a Stock Exchange listing for 270m ordinary 50p shares in November, advanced sharply from £27.25m to £45.58m for the six months to September 30, 1981, on turnover also well ahead at £178.38m, compared with £126.88m — an improvement of 41 per cent.

Subject to any unforeseen circumstances the directors expect that the forecast profit of not less than £84m pre-tax for the full year included in the offer for sale document will be achieved.

Commenting on the half year Mr Eric Sharp, the chairman, says the results benefited from improvements in margins from an increased volume of business as well as from exchange rate movements.

Exchange differences arising from the translation of foreign currency assets and liabilities denominated in sterling at September 30 have been excluded—such gains or losses will be dealt with in the annual accounts.

The improved results were also helped by a strong rise in interest received and investment income, which rose from £1.77m to £5.48m. This increase arose primarily from the investment of cash surpluses from the sale of assets in Bahrain. Interest payable was marginally higher at £1.77m (£1.45m).

The pre-tax profit also included an £817,000 surplus from the sale of investment and a share of profits of associates which improved by £2.15m to £4.05m.

Mr Sharp points out that the trading results in the principal sectors of the group continued to show improvements (trading profits rose by 47 per cent) with some benefits in increased traffic volumes received arising from the introduction of international subscriber dialling in correspondent countries.

Tax for the period took £20.51m (£10.9m)—the effective rate being higher than last year owing to the restructuring of the group—leaving the net balance at £25.07m, against £16.35m.

At the attributable level profits emerged at £24.38m (£16.19m) after minorities of £686,000 (£161,000).

Stated earnings per share advanced to 24.38p (16.19p) and, as indicated in the prospectus, a second interim dividend of 1.3p net is being paid—the first interim is to be paid to the Government. A final of 3.7p has been predicted.

The accounts do not reflect the gain on the sale of assets in Bahrain and on the sale of shares in Hong Kong, estimated at some £50m, as the final figures have yet to be agreed. The results will, however, be included in the year end accounts.

Associated companies results increased principally because of the changed status of Bahrain which was a branch until June 30, 1981, and became a 40 per cent-owned associate company from July 1.

The offer for sale of shares in Cable and Wireless attracted applications for 750m shares—133.28m were on offer.

See Lex

Decrease at Walter Alexander

TAXABLE PROFITS of coachbuilder and light engineer, Walter Alexander, have fallen from £1.54m to £1.27m for the six months to September 30, 1981, on lower turnover of £17.87m, compared with £19.44m.

Mr Walter Alexander, the chairman, expects full year profits will be similar to last year's £2.26m pre-tax, and that the total dividend will be at least maintained.

After tax of £250,000 (£461,000) stated half year earnings per 10p share were 0.4p lower at 7.9p, but the interim dividend is a same-again 1.75p per share. The company's shares are traded in the market made by M. J. H. Nightingale and Co.

Although results of Walter Alexander and Co. (Coachbuilders) have been at an acceptable level and are expected to continue to be so for the remainder of the current year, the chairman says the outlook thereafter is far from bright.

With a further deterioration in the outlook for UK orders, it is unlikely that there will be any material contribution to group profits from the coachbuilding activity in the year to March 31, 1983, he states.

However, the chairman says the company is fortunate in having a strong balance sheet which will stand it in good stead for its further development.

Borthwick losses much reduced

DESPITE A continuing lack of buoyancy in international meat trading and retailing, Thomas Borthwick and Sons came back into profit in the second half of the September 30 1981 year, and although the group finished the full period with a £1.61m pre-tax loss, it was much lower than the previous deficit of £10.5m. Turnover fell from £589.4m to £525.5m.

At midway the loss was £1.95m (£992,000).

Mr R. C. Wheeler-Bennett, chairman, says that although worldwide conditions in the meat industry remained depressed and there "may well be difficult months ahead, the group envisages a further period of consolidation designed to continue our progress towards profitability."

He points out that during the year management was engaged in extensive reorganisation and review of strategy which he says will put Borthwick in a better position to cope with the current difficult marketing conditions.

In October last, the directors agreed with the group's bankers its borrowing facilities up to November 30 1982. They are satisfied that the facilities negotiated will continue to be available and are adequate for the ensuing year.

Certain loan facilities for Borthwick-CWS, the New Zealand company, were also arranged on a medium-term basis.

Again directors are paying a nominal dividend payment of 0.01p per share in order to maintain trustee status. Loss per share is given as 3.66p (22.12p).

Pre-tax figure was after finance charges of £12.1m (£14.1m), and included a £425,000 loss (nil) from operations no longer in the group, while there was an associates share, last time, of £1.78m profit.

After a tax credit of £342,000 (£98,000), minority interests amounting to £624,000 (£500,000) and an extraordinary debit of £116,000 (£2.08m), the attributable deficit emerged at £2m, compared with £12.98m.

The extraordinary items included an exchange gain of £2.98m (£1.12m loss) on net current assets, reorganisation costs of £1.14m (£2.44m), and a £2.44m loss (£2m profit) on the sale of investments and businesses.

Book losses on the disposal of Freshbake Foods and Freezer Plan and other loss-making subsidiaries were included in the items.

The directors have pursued the policy of reducing working capital with the result that net borrowings have dropped by £13m to £71m at September 30 —over the last two years borrowings have been reduced by nearly £25m, a 26 per cent decrease.

● comment

After the horrors of 1979-80 Borthwick has managed to stabilise its business, with help from lower interest rates and sterling. The avoidance of position-taking in the meat market has sheltered Borthwick from trading losses, but also reduced the scope for making profits, while the retailing businesses — highly saleable assets—are doing well and the interest charge is down £2m. Translation profits on net current assets have prevented any further erosion of the tangible equity base, which is still around £20m (plus £8m of minorities). Against this stands debt of £71m, even after a squeeze on working capital, and it is hard to see how Borthwick can trade its way back to a comfortable level of capital gearing. The banks may at some time be persuaded to convert some term debt into equity, but the position remains very delicate. With the shares at 15p the market capitalisation is £7¾m.

YEARLINGS UNCHANGED

The interest rate on this week's issues of local authority yearling bonds is 14⅝ per cent, unchanged from last week. The bonds are issued at par and are redeemable on December 15 1982.

A full list of the issues will be published in tomorrow's editions.

Winding up for 48 companies

Compulsory winding-up orders against 48 companies were made by Mr Justice Vinelott in the High Court on Monday. They were: Peter Wolfenden, John Donnelly (Erection Services), Cappswood Ward, Garden City Heating, Elizabeth Barwell.

R. D. Chudley (Exeter), James Irwin and Co. (Shirt Manufacturing), Amerite, J. and S. Hinks and Co., Slastanger, Griffin Mill Products.

New Star Models, Taylor's Fisheries, Southern Pool Contractors, Standahurst Motors, Mamchey Company.

Ramsey Investments, Myelon (Builders), Protaclean Services, IEMS, Matths Printing Services, Kalenda Fashions.

Nick and Heleni, New Generation (Clothes), Verde Luna, WGF (Castings), W. Carpenter (Leigh).

Impo-Expo Forwarding Company, Gradeville, J. Sanders (Gowns), Hewmead, Jack Parker, Velostar.

Schiffahrt Nordhafen, Blairberry, Rayglass, Adengate Properties, Captron (North West), Typophane (G. Brown), Geelee Components Company, Startrule.

Hestbrow, St. James's and Westminster Estates, Wolverbury, Sandown Civil Contractors, Swingcare, SUD Transport Services, Lotamerch.

A compulsory winding-up order made on November 30 against Fullrange Trailer Spares was rescinded and the petition was dismissed by consent.

Bristol Evening Post at £460,000

A RETURN to half-time pre-tax profits is shown by the Bristol Evening Post for the period ending September 30 1981. Taxable profits of £460,000 this time compare with previous losses of £10,000, and the net interim dividend has been lifted from 3.25p to 4p.

In the last full year a total payment of 11p was made from pre-tax profits of £1.04m (£2.72m) on turnover of £27.43m (£26.02m).

Tax took £489,000, against a credit last time of £7,000. Attributable profits emerged sharply higher at £315,000, compared with £37,000.

● comment

Four factors are behind the improved performance of the Bristol Evening Post in the first half year. The group has benefited from an absence of industrial disputes which contributed to a decline in mid-year profits in 1980 from £1.36m to £67,000. The current year has also started well thanks to a pick up in advertising, one of the main items affecting revenue in regional newspapers. The cover price, although less important here than in Fleet Street, has nevertheless given the group a shot in the arm having been raised by 2p in March. Another factor affecting the half-year results has been the raising of rent of property payable by Bristol United Press which was reviewed in June. The rent was raised by £300,000 a year. The group should make pre-tax profits for the year of £2.1m indicating a prospective fully taxed p/e of around 12 and a yield of perhaps 10 per cent. The share price is underpinned by the possibility of a further bid by Associated Newspapers.

J. BIBBY

The acquisition by J. Bibby and Sons of an 85 per cent interest in Furmanite for £3.41m has been completed. The consideration is being satisfied as to £1.08m in cash, £2.13m in Bibby 10 per cent unsecured loan notes 1986 at par and £199,998 by the issue of 75,757 Bibby ordinary shares.

HIGHLIGHTS

Lex discusses the preliminary November money supply figures which show a half per cent rise in Sterling M3, despite heavy sales of Government debt and exceptional levels of tax payments. The column then goes on to consider the results of three major companies reporting yesterday. Bass discloses a strong improvement in profits to £133.2m pre-tax with Coral putting in possibly £11m for the first time. Trafalgar House's profits are up, mainly thanks to a big rise in construction profits and the outlook for next year is buoyant, too. Finally the column looks at the figures from Cable and Wireless making its maiden profits announcement as a quoted company. Profits have moved up sharply to £45.6m, though comparisons are confused by accounting changes. The performance has been achieved on the back of a strong increase in international telephone traffic. Turning to the inside pages on a busy day for company news there are reports from two of the country's major timber merchanting groups—International and Meyer—while further, in the brewery sector, Matthew Brown comes up with a £4.65m rights issue and Wolverhampton reports full-year results. Other major results include Smith and Nephew, Borthwick and Linfood.

Wolverhampton & Dudley improves 13% to £10.2m

PRE-TAX profits of Wolverhampton & Dudley Breweries, which trades as Banks and Hanson's in the West Midlands, showed an increase of some 13 per cent from £9.05m to £10.22m for the year to September 30 1981 on turnover, excluding VAT, up 16 per cent to £73.54m.

After higher tax of £4.94m (£3.47m) and extraordinary credits of £372,000 (£207,000), the net available surplus emerged down slightly from £5.8m to £5.65m. Stated earnings per 25p share were 16.3p (17.3p) but a final dividend of 3.85p makes a total payment of 5.5p (adjusted 5p) net, absorbing £1.78m (£1.61m).

The directors say that satisfactory progress was made in the year under review, but the current term has started quietly. However, they will continue to examine every opportunity for prudent expansion.

In order to maintain the quality of its beers, the company is continuing its capital expenditure programme, both in respect of the brewing process and the preparation of materials. Despite the recession, the group is continuing to improve its existing licensed houses and build new ones.

On a current cost basis, taxable profits were up from £7.17m to £8.21m.

● comment

Wolverhampton and Dudley's results have been buoyed up by the strike at the rival Ansells; against a national background of falling demand, the brewery has actually enjoyed a small gain in volume. And some of this improvement is likely to stick, since it has accepted new accounts during the dispute only on a permanent basis. In the current year the company is aiming at beating the volume squeeze by expanding its tied and free house estates. The spending emphasis placed in this direction over the last year shows up in the tax charge, which has jumped from 38 to 48 per cent because of the lower level of capital allowances. The shares fell 4p yesterday to 212p, where the yield is 3.7 per cent, albeit covered nearly twice by current cost earnings.

ACHIMEDES INV RISES

After-tax revenue of Archimedes Investment Trust rose from £84,927 to £97,026 for the year ended October 31, 1981, with gross revenue higher at £159,628 (£141,601).

Stated earnings per 25p share were 7.92p (6.98p) and a second interim dividend, in lieu of final, of 4.3p (3.9p) makes a total of 7.6p (6.9p) net. Net asset value per share was down from 132.53p to 116.71p.

An investment dealing subsidiary, Archimedes Finance has been formed to commence share dealing in the current year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alpine Soft Drinks int	1.31	Jan 29	1.21*	—	3.85*
Archimedes Inv Tst 2nd int	4.3	Feb 9	3.9	7.6	6.9
Bankers Inv Tst 2nd int	0.65	Feb 26	0.6	—	3.78
Bass	6.93	—	6.3	9.46	8.6
Birmingham Dist ... int	2.25	Dec 31	2.25	—	—
Birmingham Mint ... int	3	Jan 18	3	—	10.5
Blyvoor	100§	Feb 4	160	—	260
Thos Borthwick	0.01	Feb 8	0.01	0.01	0.01
Bristol Evg Post ... int	4	Feb 2	3.25	—	11
Matthew Brown	5	Feb 6	4.44	6.35	5.69
Cable Wireless 2nd int	1.3	Mar 31	—	—	—
Coalite Group ...... int	1.43	Feb 15	1.36	—	4.16
Construction Hldgs ...	7	Feb 16	7	12.6	12.6
Cray Electronics ... int	0.73	Apr 9	0.63	—	2.25
Doornfontein	80§	Feb 2	135	—	235
Durban Deep	100§	Feb 4	300	185	460
ER Props	Nil§	—	195	50	370
Elliott Group ...... int	0.5	—	Nil	—	0.25
IC Gas ...... int	3	Feb 12	2.7	—	8
Intnl Timber ...... int	2	Jan 29	2	—	4
Maurice James ...... int	0.5	Feb 10	Nil	—	1
Kloof	120§	Feb 2	160	—	400
Libanon	80§	Feb 2	130	—	330
Linfood Hldgs ...... int	5	Feb 26	3.5	—‡	10
Marling Inds ...... int	0.47	Feb 9	0.42	—	0.94
Montague L. Meyer int	1.25	Feb 1	1.75	—	3
Mitchell Somers ... int	1.5	Feb 1	Nil	—	1
NSS Newsagents	2.4	Feb 11	2.2	3.75	3.4
Sekers ...... int	0.2	Jan 19	Nil	—	0.1
Trafalgar House	3.2	Jan 29	2.85	6.2	5.35
Venterspost	35§	Feb 2	100	—	235
Vlakfontein	15§	Feb 2	40	25	40
Ward & Goldstone int	1	Feb 19	0.9	—	5.4
John Williams	0.5	—	1.75	1	2.85
W'hampton & Dudley	3.85	Jan 22	3.5	5.5	5*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total of 12p forecast. § S.A. currency throughout.

Alpine Soft Drinks tops £1m midway

INCREASED PRE-TAX of £1.2m, compared with £932,000, are reported by Alpine Soft Drinks for the six months to September 26 1981, and the net interim dividend is being effectively maintained at 1.206p after allowing for the one-for-one scrip issue. A final equal to 2.644p was paid last year.

Commenting on the half year Mr Roland Wade, the chairman, says that despite trading conditions being adversely affected by both poor summer weather and high levels of unemployment in many of the group's traditional market areas, an increase of eight delivery rounds resulted in a 3.4 per cent volume rise—turnover for the period advanced from £8.52m to £9.67m.

The chairman says that continued expansion in the number of delivery rounds is planned for the second half, but there is no sign of a recovery in sales volume for existing customers as yet.

First half tax took £590,000 (£419,000) and stated earnings per 10p share improved from an adjusted 4.99p to 5.97p.

Losses of the Alpine Direct Supply subsidiary were reduced, as predicted, from £213,000 to £91,000 and it is anticipated that this trend will continue into the second half. The subsidiary has ceased trading as a credit mail order company and is continuing to sell for cash for existing stocks only.

SPAIN

December 7	Price %	+ or −
Banco Bilbao	334	
Banco Central	328	−3
Banco Exterior	307	−3
Banco Hispano	325	−2
Banco Ind. Cat.	115	
Banco Santander	358	−6
Banco Urquijo	219	+2
Banco Vizcaya	350	−3
Banco Zaragoza	213	+1
Dragados	140	−5
Espanola Zinc	63	
Fecsa	65.7	−0.8
Gal. Preciados	49	
Hidrola	75.5	−1.7
Iberduero	56	+0.8
Petroleos	95.2	−2.8
Petroliber	94	+2
Sogefisa	40	
Telefonica	79.5	
Union Elect.	76.2	+0.2

THE TRING HALL USM INDEX
116.5 (unch)
close of business 8/12/81
BASE DATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX
Close 519-524 (−12)

OIL INDEX
January Refined $43.75
March Refined $43.10

Trafalgar House climbs to £55m and lifts final

SECOND-HALF taxable profits of Trafalgar House rose from a restated £29.73m to £33.49m giving the group a full year figure to end September 1981 of £55m, compared with £49.07m. Turnover for the 12 months improved from £1.07bn to £1.19bn, including overseas sales of £342m, against £306m.

At the attributable level, profits have jumped from £30.41m to £71.17m reflecting a much lower tax charge of £4.5m (£17.18m) and extraordinary credits of £22.04m (£0.46m debits). Minorities took £1.38m (£1.03m).

The group says there is no requirement for deferred tax under SSAP 15 and profits are only subject to a nominal charge for UK corporation tax. The extraordinary items include a £27.9m credit in respect of the release of deferred tax which is no longer required.

Stated earnings per 20p share were 20.4p (12.7p) excluding extraordinary items and 29.6p (12.5p) including these. The final dividend is being raised from 2.85p to 3.2p net for a higher total of 6.2p, against 5.35p previously.

The group's contracting, civil, structural and specialist engineering and housebuilding activities showed an overall rise in trading profits from £23.55m to £31.95m. The newspapers and magazines side increased from £4.19m to £6.83m, but shipping, aviation and hotels dropped to £10.44m (£17.27m) and property and investment activities were lower at £23.73m (£24.54m).

Interest charges fell back from £20.48m to £17.93m.

SEE LEX

Near £5m by NSS Newsagents

TAXABLE PROFITS of NSS Newsagents improved from £4.59m to £4.93m for the 12 months to September 27 1981, an increase of 7.42 per cent, and a final dividend of 2.4p, compared with 2.2p, raises the net total to 3.75p, against 3.4p per 10p share.

Turnover for the year rose by 20.82 per cent to £117.78m (£97.48m), excluding VAT, and trading profits emerged £482,000 higher at £5.61m.

The taxable surplus was after charging interest of £763,000 (£566,000) and included a profit of £80,000 (£25,000) from the disposal of assets.

Tax took £1.48m (£1.46m) leaving the attributable balance ahead at £3.45m (£3.13m).

Stated earnings per 10p share rose from 17.3p to 19.1p and on a diluted basis from 16.7p to 16.9p.

Current cost accounting reduces the pre-tax profit to £4.17m and on the same basis earnings per share were 14.7p undiluted and 13.2p diluted.

At the half-way stage historical pre-tax profits were £268,000 higher at £2.82m.

In the first eight weeks of the current year a further seven retail shops have been acquired or opened. Group sales are showing a 22 per cent growth over the corresponding period last year.

Lower capital gains leave Coalite marginally down

FIRST HALF pre-tax profits of Coalite Group fell from £7.35m to £7.2m, but the directors point out that the comparison is influenced by the fact that the company had the advantage of capital gains on the sale of investments.

In the first half last year these contributed £889,000 to trading profits, whereas the figure this time was £61,000. Although influenced by the same factor, the effect on the pre-tax figure was mitigated by the increase of £616,000 in interest received. Depreciation was down from £2.21m to £1.91m.

Turnover in the six months to September 30 1981 improved from £151.55m to £163.74m. The interim dividend is raised from 1.36p to 1.43p—last year's total was 4.16p from pre-tax profits of £21.86m (£20.53m).

The directors say that, as always, the final results from its major activities in fuel processing and distribution will depend substantially on the weather in the winter period.

They say the market is still affected by depressed levels of industrial and domestic fuel usage. Some slight improvement is beginning to appear in certain areas of trading, such as builders' merchanting, vehicle distribution and chemicals.

First half tax took £3.75m compared with £3.82m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated British Engineering, Brathwaite Engineers, British Tar Products, N. Brown Investments, H P. Bulmer, J. and J. Dyson, Hazlewood Foods, Moorgate Investment, Pegler-Hattersley.

Finals: Avon Rubber, Caravans International, J. A. Devenish, Granada Management Agency and Music, Messina (Transvaal) Development, Westland Aircraft.

FUTURE DATES

Interims—	
Alliance Investment	Dec 15
Brasway	Dec 14
Brotherhood (Peter)	Dec 18
Great Universal Stores	Dec 10
Haslemere Estates	Dec 14
Illingworth, Morris	Dec 10
Scottish and Newcastle Breweries	Dec 22
Finals—	
Burco Dean	Dec 10
Grand Metropolitan	Dec 22
Scottish American Invest.	Jan 27

Principal activities of the group are low and high temperature carbonisation of coal, oil refining and chemicals manufacture, fuel distribution, vehicle building and distribution, transport, warehousing, shipping services, builders' merchanting, instrument manufacture and wool production.

● comment

If yesterday's weather was a taste of the winter to come, Coalite should have a very good second half. But the market seemed more preoccupied by the lacklustre first half performance and the shares eased 4p to 107p. The surprise in these figures is that interest income was not higher after last year's £10.9m rights issue, but fuel markets have been poor and stocks remained very high. The combined effect of a 6 per cent price rise in coal last month plus the potential for improved interest income as stocks run down through the winter should enable Coalite to produce slightly higher profits for the full year, say £23m. Thereafter, any recovery in industrial fuel markets plus the development of the group's North Sea interests suggest greater scope for profit growth than is reflected in a prospective fully taxed p/e of 8. The prospective yield, assuming a 5 per cent rise in the final, is just under 6 per cent.

Interest cut helps Ward & Goldstone

A REDUCTION in interest charges from £1.32m to £0.65m enabled pre-tax profits of Ward and Goldstone to increase sharply to £1.39m for the half year to September 30, 1981, compared with £0.78m for the corresponding 27 weeks last year. Turnover of the group, which makes insulated wire and cable and electrical accessories, was down from £39.83m to £36.85m.

The directors say that all divisions, other than that producing for the car industry, are working full time. While future performance remains dependent on the recovery of the national economy, there is currently some modest improvement in trading conditions, with good export prospects.

Capital expenditure continues at a high level, but the reduction in bank borrowing is likely to be sustained.

There was again no tax charge and after extraordinary debits of £199,000 last time, the attributable surplus was £1.39m, compared with £0.58m. Stated earnings per 25p share rose from 5.13p to 9.18p and the interim dividend is raised to 1p (0.9p) net—last year's final was 4.5p.

The recently acquired factory for the extension of the range of "Pensec" pendleton security products will be operative in January. Good progress is being made in the commissioning of the new factory at Skelmersdale new town for the expansion of the company's thermoplastics division.

The company has acquired a 220,000 sq ft factory in the nearby enterprise zone and it intends to transfer its domestic cable-making activities to this location.

● comment

After three years of steady profit decline, there is now good news from Ward and Goldstone. A tight squeeze on working capital has allowed W and G to pare down borrowings by nearly a fifth to £11.25m. This reduction, aided by a 10 per cent £1.5m EIB loan, has sliced interest payments in half. Stringent pruning of the labour force and a pick-up in demand have eased pressure on margins, particularly in Pendle Connectors. W and G intend to hold down the screws on working capital in order to maintain its capital spending programme without future trips to the bank. Spending could go as high as £4m this year, with more to follow, holding the tax charge to nil for this year at least. Dull trading in vehicle wiring and cables should continue to be offset by improvements in accessories—£3.2m pre-tax for the year seems within reach. At 112p, the shares stand on a prospective, fully-taxed p/e of around 11 and are supported by a yield of 7.6 per cent.

Birmingham Mint drops by £0.2m at six months

LOWER DEMAND in the world coinage market, coupled with a considerable reduction in the prevailing level of prices for coins, has resulted in a fall of £0.2m in profits of the Birmingham Mint for the half year to September 30, 1981.

Some redundancy and reorganisation costs were incurred and pre-tax profits for the period dropped from £418,000 to £218,000, on a higher turnover of £5.62m, compared with £5.03m.

After tax of £44,000 (£48,000) the net balance was down from £370,000 to £174,000. Stated earnings per 25p share declined from 18.4p to 8.6p, but the interim dividend is maintained at 3p net—last year's total payout was 10.5p on £921,000 taxable profits.

Although profits from coin minting were hit, the group's other activities, which include uniform accoutrements, precious metal products and pressings, either maintained or increased their contribution.

The Royal Wedding was a profitable source of business and the newly acquired Turner and Simpson also performed satisfactorily. Although the precise timing of an upturn in the coinage market cannot be predicted and is unlikely to occur in the current year, the board remains optimistic about the company's future progress.

Regalian Properties up at £130,000 for half year

THE BATTERSEA village acquisition has significantly improved results for Regalian Properties for the half-year to September 30 1981. Pre-tax profits are up from £103,606 to £129,886 on turnover increased to £1.52m compared with £162,709 previously.

Despite the general downturn in the market, Mr D. Goldstone, chairman, expresses his confidence in the full year results, which he says will show the benefits of the acquisition more clearly. The company intends to declare a "modest" dividend at the year-end, he says.

Higher earnings per share were stated at 2.36p, against 2.24p last time. In the last full year earnings per share were given as 4.53p after taxable profits of £299,992 on turnover of £897,215.

There was no profit on the sale of fixed assets compared with £14,352 last time and taxable profits were struck after lower interest received of £19,613 (£21,337) and interest payable of £199,972 (nil). Tax took £24,820, against £3,951 before.

The chairman states that there is a continued deficiency in the accounts of the charged subsidiaries and their results are not included.

Rolfe & Nolan doubles to £110,000 midterm

RECORD PROFITS for the year are forecast by the directors of Rolfe and Nolan Computer Services after a rise in taxable profits from £51,000 to £110,000 for the six months to August 31 1981.

Turnover rose 83 per cent from £326,000 to £595,000 and the directors of this company, whose shares are traded on the USM, say the cash position remains strong. However, the first half of last year did not include any contribution from the commercial bureau business, which was acquired in December 1980 and had sales of £135,000 in the first half of this year.

Adjusting for this the underlying commodity broking bureau business was 41 per cent. This rise is mainly due to growth in the number of commodity broking clients, some increase in trading in the markets, particularly in the second three months of the period, and improved trading margins.

Trading profits before depreciation rose from £98,000 to £175,000. Depreciation only rose from £47,000 to £65,000, which the directors say was due to a higher level of computer utilisation.

There is again no interim dividend—the level of the final will depend on the full year results. Stated earnings per share moved up from 1.4p to 2.8p.

Tax took £39,000 compared with £18,000 previously.

TRANS-OCEANIC TRUST IMPROVES

Net revenue of the Trans-Oceanic Trust rose from £940,407 to £950,776 in the year to October 31, 1981. The net figure is after expenses and interest charges up from £182,312 to £216,786 and tax of £631,956 compared with £607,342. Gross revenue was £1.8m against £1.73m.

The final dividend is effectively raised from 1.5p to 1.667p for a net total of 2.5p (2.333p adjusted for two-for-one scrip). Stated earnings per 25p share were 2.58p (2.55p adjusted), and the net asset value per share was 111.1p (89.7p adjusted).

SHEFFIELD REFRESHMENT

First-half taxable profits rose for Sheffield Refreshment Houses from £80,816 to £99,471 to September 30, 1981. Turnover improved from £755,037 to £783,107.

The net interim is maintained at 0.7p per 25p share. In the last full year a total of 2.4p was paid from pre-tax profits of £211,689 on turnover of £1.66m.

Post tax profits for the first half of the current year emerged at £42,311 (£30,116). Comparative figures have been restated for this hotelier, restaurateur and banqueting specialist.

Montague L. Meyer slumps to £0.57m and cuts interim

TAXABLE PROFITS of Montague L. Meyer, timber importer and distributor, slumped from £3.08m to £567,000 for the six months to September 30 1981 after much lower interest charges of £5m, compared with £6.66m.

However, Mr M. J. Meyer, the chairman, points out that the figures for the period show a return to profitability compared with the second half of 1980-81 when the group incurred pre-tax losses of £5.83m.

He says further rationalisation costs of £500,000 have been absorbed and a "reasonable amount of progress has been made in all divisions in the UK." The chairman adds that it is difficult to give an assessment of the outturn for the full year except to say that "the group has traded profitably in October and November and the underlying improving trend should continue."

The net interim dividend, meanwhile, is being cut from 1.75p to 1.25p—last year a final of 1.25p was paid. Stated earnings per 25p share for the half year were well down at 0.1p (3.9p).

Turnover for the six months declined from £160m to £135m.

The pre-tax figure included a lower share of profits from associates of £260,000 (£600,000) and profits realised from sales of properties were also well down at £49,000 (£550,000). Depreciation was much the same at £2.37m (£2.35m).

Tax took £530,000 (£784,000), including £324,000 in respect of ACT on the interim dividend, and after minorities of £59,000 last time, the attributable balance emerged at just £37,000 (£2.36m).

● comment

Montague L. Meyer has plumbed greater depths than International (also reporting yesterday) and its return to profit was somewhat better than expected, considering that £0.5m of rationalisation costs was taken above the line. Like International, Meyer has been shortening its stock commitments, and is supporting physical stocks perhaps 25 per cent smaller than at this time last year. The plan is to reduce borrowings to £55m by the year end, to be achieved by prudent stock management and — probably — some further property disposals. Meyer's portfolio for disposal is valued at something like £5m. This trend will be welcomed, since even in the convalescent half-year just finished, Meyer's income gearing was well over 90 per cent. Without any indication of volume improvements or of rising softwood prices — at least in the next few months — advances are nevertheless likely to be more tentative than explosive. The shares rose 1p to 67p, where they yield just below 6½ per cent.

Matthew Brown's £4.65m rights

A RIGHTS ISSUE is proposed by Matthew Brown and Company, Blackburn-based brewer, to raise approximately £4.65m net. The issue is subject to a listing for the new ordinary shares being granted by the Stock Exchange.

The new ordinary shares will be offered to ordinary shareholders at a price of 142p per share, payable in full on acceptance, in the proportion of one new ordinary for every five held. The new shares will not carry the right to receive the final dividend of 5p recommended for payment on February 6 1982 in respect of the 53 weeks to October 3 1981.

The issue has been underwritten by J. Henry Schroder Wagg and Company. The brokers to the issue are W. Greenwell and Company and Fielding Newson Smith and Company.

In stating their reason for the rights issue, the directors say the company's present level of borrowing is relatively modest in spite of substantial expenditure in recent years on its two breweries and licensed properties, and in granting loans to clubs and free-houses.

The company's budgets for the current financial year do, however, show a material increase in capital requirements. This is because agreed commitments include not only further modernisation of the breweries, but also an accelerated programme of improvements to its public houses.

The group also reported its figures for the 53 weeks to October 3 1981, and these show pre-tax profits some 25 per cent higher at £5.04m compared with £4.05m. Turnover improved by 20 per cent from £25.61m to £30.92m.

The directors consider these results "highly satisfactory" in all the circumstances, particularly in view of the very high level of unemployment and the effects of the continuing recession.

With the first two months of the current year completed, the directors say there are still no visible signs of an upturn in the economy. The company's performance must still, therefore, depend at least in part on its ability to improve its market share, and in this regard continued progress is being made with several new accounts just opened. Negotiations have also been completed for the opening of a number of other accounts within the next three months.

As stated earlier, a final of 5p net (4.435p) will be paid. This makes the total 6.35p (5.685p).

In the absence of unforeseen circumstances, the directors intend to recommend dividends per share of not less than 6.35p for the current year on the enlarged capital.

The group's trading profit for the year moved ahead from £4.02m to £4.91m. Profit on the disposal of properties rose from £72,000 to £232,000, and interest payable was higher at £94,000, compared with £44,000.

There was a tax charge of £1.9m (£1.44m), leaving £3.15m (£2.61m). Extraordinary credits this time, resulting from profit on the sale of investments, amounted to £290,000. Dividends absorb £1.08m (£967,000), leaving retained profits up from £1.64m to £2.36m. Stated earnings per 25p share, excluding extraordinary items, improved from 15.33p to 18.48p.

During the year the company purchased four public houses sited beyond the areas where they are already strongly represented, but still within reach for economic distribution of their beers. It is actively searching for more such acquisitions.

The directors say ownership of tied houses materially helps the expansion of free trade interests in the area concerned, and the company is therefore attacking these new markets on both fronts.

On a CCA basis, pre-tax profits were £3.66m.

● comment

Matthew Brown is hardly in crying need of cash. Net debt in the September 1980 balance sheet was negligible and the position does not seem to have changed much in the intervening 12 months. Meanwhile, the company has maintained the improvement in pre-tax profits of the first half, producing a gain of a quarter for the year, to £5m. A volume decline of only 2½ per cent implies some improvement in market share, although one of the factors in this has been a further build-up in the level of loans to customers. The company's plans to beat the volume squeeze in the current year through further increases in market share are expected to push costs on this front further ahead. Nevertheless, the company has a steady profits record behind it with which to justify the rights issue; but with the industry moving into uncharted territory the board may not be too upset at receiving funds sooner rather than later. The shares fell 8p yesterday to 166p, producing a yield of 5.7 per cent.

Marling jumps to £737,000

THE IMPROVEMENT seen at the beginning of the current year at Marling Industries was borne out by the results for the six months ended September 30 1981. Pre-tax profits jumped from £205,000 to £737,000 and the interim dividend is increased to 0.47p net, against 0.42p.

The directors say that the improvement is continuing.

For the whole of the year ended March 31 last, the taxable surplus had dropped from £1m to £405,000—the final dividend for the period was 0.52p.

Sales of this industrial textile manufacturer moved ahead from £10.12m to £10.63m for the half year, exports from the UK amounted to £3.15m (£5.2m for the previous 12 months).

After minorities, of £4,000 (£2,000), the attributable balance emerged up from £92,000 to £413,000.

Second half pick up at Fairline

Profitable trading during the second six months resulted in Farline Boats, the Oundle, Northamptonshire based builders of motor cruisers, announcing a loss before tax for the year ending September 30 1981, of £38,766 compared to an interim deficit of £89,677 and a profit of £313,664 last time.

Turnover for the 12 months fell 26 per cent to £3.32m.

The recession severely hit UK sales which declined 30 per cent to £1.92m but despite difficulties caused by the exchange rate export sales fell by only 21 per cent to £1.42m.

The final dividend is 0.5p net which reduces the total payment from 3.5p to 1p.

Commenting on prospects, Mr Sam Newington, chairman, says the company can look forward to a better year.

I.C. Gas improves to £1.1m

LITTLE guidance concerning the year's outcome can be gained from figures for the half year to September 30 1981, according to the directors of Imperial Continental Gas Association.

In addition to the seasonal nature of most of the group's activities, results of UNERG, through which a major part of the utility interests of the group is held, are excluded. Furthermore no dividend income from Petrofina and Intercom is included in the first half year.

Taxable profits for this holding company with interests in the fuel and power industries, rose from £936,000 to £1.1m for the six months on turnover up from £169.14m to £172.13m.

The directors point out that of September 30 1980 pre-tax profits included an exceptional credit of £2.9m and an interest charge of £866,000 relating to the development of the Maureen oil field. This year there was no exceptional profit and from April 1 the corresponding Maureen interest charge has been capitalised. Excluding these two items from the comparison, the current half year's profit before tax shows an improvement of £2.2m, say the directors.

The net interim dividend is being raised from 2.7p to 3p—a final of 5.3p was paid for 1980-81 from taxable profit of £33.21m.

The 1.8 per cent rise in turnover included increases in the Calor and CompAir groups, which offset reductions in Century Power and Light, and Belgium—the latter, say the directors, mainly due to variations in the Belgian franc/sterling exchange rate.

Excluding the exceptional profit last time the Calor Group's trading profit, despite reduced gas tonnage and appliance sales, rose by £2.4m. Improved margins and cost savings came from the reorganisation in the second half of last year. Depreciation at £7.26m was marginally up, and capital expenditure was much lower.

Trading profit for the CompAir Group was virtually unchanged at £8.01m on turnover up by 1.9 per cent. Higher sales by overseas companies offset a 21 per cent drop in the UK. Margins were restored to last year's levels by cost control and improved profitability. This arose from redundancies and reorganisation provided for in 1981. Higher depreciation at £2.15m reflected progress with re-equipment of manufacturing facilities.

In the oil division sales of gas and liquids from the Hewett field by Century Power and Light were £346,000 lower, reducing trading profit to £364,000. Depreciation at £154,000 was marginally lower.

In UK and Irish waters, drilling has continued and the development of the Maureen oil field is proceeding according to plan. In North America, onshore investment opportunities continue and exploration drilling has started in Kansas and Oklahoma.

Lower costs in the Belgian Group led to a rise in direct trading profits, to £423,000 despite some reduction in turnover. The share of profits of associated companies in Belgium, mainly for the six months to June 30 1981, was down by £177,000 due to exchange rate changes.

Net group interest payable was £1.23m down. Interest charges within the Calor and CompAir groups were reduced by £757,000 and £671,000 respectively due to lower rates and smaller working capital.

Pre-tax profits were struck after a lower share of profits of associated companies, falling from £3.62m to £3.44m. After tax of £935,000, compared with £921,000 and minority credits of £75,000 (£14,000) attributable profits emerged sharply higher at £184,000, against £29,000 last time. Earnings per £1 share were stated at 0.14p (0.02p).

● comment

The reported interim figures considerably understate the true profits advance at IC Gas but the six months to September are, as ever, of only marginal significance to the group. Working capital and overheads have been well contained, leaving debt no higher than at the year-end despite increased spending on the Maureen field. Compair has yet to justify the price paid for it, but trading is now showing some improvement, helped by the relative weakness of sterling, and it should make about £16m over the full year at the trading level. The steady depreciation of the Belgian Franc will leave utility profits roughly maintained in sterling terms and overall the group is unlikely to make much of a showing until Maureen comes on stream two years from now. But, after making allowances for the weather, IC should beat last year's £33.2m pre-tax by at least £2m. The prospective yield of 7 per cent on last night's price of 188p provides some reward for the patient investor.

MINING NEWS

Cautious gold mine payments

BY KENNETH MARSTON, MINING EDITOR

SHARPLY lower interim dividends for the year to next June are declared by the South African gold mines in the Consolidated Gold Fields group. The reductions are in line with the fall in the price of gold, but they are still below share market estimates.

While the latest payments can be considered disappointing, the sharemarket took the philosophical view yesterday that they were justified in the light of the uncertainty which surrounds the near term course of bullion prices.

The latest interim dividends are compared in the following table.

	Dec. 1981 cents	June, 1981 cents	Dec. 1980 cents	June, 1980 cents
Deelkraal	—	—	5	—
Doornfontein	*80	200	*135	100
Driefontein	100	—	—	—
Kloof	*120	240	*160	240
Libanon	*80	200	*130	150
Venterspost	*35	135	*100	135
Vlakfontein	15	10	40	Nil

* Interim.

Thus, it was hoped, understandable caution on the part of the group would lead to more generous distributions when the final payments for the financial year are declared — depending on the price for gold at that time.

Even so, the lack of any further dividend by young Deelkraal mine, which has so far declared only a first half-yearly dividend of 5 cents (2.6p) in December 1980, has come as a major disappointment.

Placer to cut moly output

CANADA'S Placer Development is to cut its molybdenum output in 1982 by around a quarter to 8.5m lbs a year from the current level of 11m lbs.

The company said yesterday that the cutback was caused by rising world stocks of the metal, which is principally used to strengthen steel. Placer itself holds stocks of around 11m lbs, against production capacity of 15m lbs a year.

Consumption of molybdenum in the Western world is expected to reach 165m lbs next year, against production levels which are currently estimated at 215m lbs, Placer said.

The planned production cutback will be accomplished by processing lower grade ore at Placer's Endako mine, near Fraser Lake in British Columbia. No staff cuts are envisaged.

MMC group lifts tin production

TIN CONCENTRATE production from the companies within the Malaysia Mining Corporation group rose last month to 1,392 tonnes from 1,300 tonnes in October.

Ayer Hitam managed a useful increase in output to 250 tonnes, against 133 tonnes. Production over the past five months has overtaken the figure of 621 tonnes at the same stage of last year, and now totals 685 tonnes.

Berjuntai also raised production over the first seven months of the current financial year, to 2,113 tonnes against 2,017 tonnes at the same point of the previous year.

The biggest producer, Malaysia Mining Corporation Berhad, formerly Malayan Tin Dredging, suffered a slight setback to 694 tonnes against 742 tonnes in October. The company's No 8 dredge was shut down between November 4 and November 21 for major repairs.

In addition, the company's Southern Kinta Southern Kampar No 2 dredge, closed for minor repairs on October 29, did not resume operations until November 7.

The latest tin concentrate outputs are compared in the accompanying table.

	Nov tonnes	Oct tonnes	Sept tonnes
Aokam	77	109	114
Ayer Hitam	250	133	110
Berjuntai	342	277	294
Kuala Kampar	14	12	12
MMC	694	742	682
Sungei Besi	63	61	61
Tongkah Harb.	8	34	36
Tronoh Mines	46	59	58

Loan for Ghana Diamonds

THE GOVERNMENT of Ghana has underwritten a further loan to Ghana Consolidated Diamonds in order to ensure its continued operation. The latest loan is for Cedi 40m (£7.5m), according to the Ghana News Agency.

Mr J. Afful, the country's deputy minister of lands and natural resources, announced the loan at the Akwatia mine, 65 miles from the Ghanaian capital of Accra. Akwatia is Ghana's sole remaining producing diamond mine.

In May of this year, it was announced that the Akwatia mine was only being kept afloat by an emergency loan of Cedi 25m, also guaranteed by the government.

The Ghanaian Government owns 55 per cent of Ghana Consolidated Diamonds, with the remaining 45 per cent held by Consolidated African Selection Trust, a subsidiary of Selection Trust of the UK, which is in turn owned by British Petroleum.

Mr Afful said the government was concerned at the steep decline in output from the mine, which has fallen to an annual 1m carats from 2.4m carats in 1973. He attributed the decline to a number of factors, including rampant smuggling.

The general manager of the Akwatia mine, Mr Joe Ansaful-Mensah, said that the mine was no longer economically viable. He told Mr Afful that it could not operate indefinitely on borrowed money without any hope of repaying the loans in the near future.

Mr Ansaful-Mensah said the parlous financial state of the mine was due to the depletion of the deposits, a low world market price for diamonds, an unfavourable exchange rate for the cedi and rapidly rising operating costs.

Earlier this year, Mr Harry Parker, managing director of GCD, said the company was marginally profitable in 1979-80, but now needed more state aid or a big devaluation of the cedi in order to survive.

The Akwatia mine has been in operation since 1924, and with reserves expected to run out in 1988, there is no chance of raising output from the present workings.

Mr Ansaful-Mensah injected one note of hope when he said that the exploration of a potentially large new deposit of diamonds in the Birim River valley had shown favourable results. He added that a report on the first phase of the feasibility study on the project is expected to be completed soon.

ADVERTISEMENT

More than 10,000 systems in use in Britain

DIGITAL EQUIPMENT NEWS

Our Computers are changing the way the World thinks

No. 1 — December, 1981

25 years old — and still the same company

Next year Digital celebrates its 25th anniversary, and is expected to push its revenues towards the $4 billion a year mark.

Not bad for a company that has never acquired another, nor paid a dividend, yet raised $200 m on the New York Stock Exchange last May by selling new stock.

Company president, 57 year old Ken Olsen, has said Digital is still the same company he founded in 1957 because its unique culture has never been touched.

See Digital Comment, page 4.

WORLD OF COMPUTERS

New help for small business

Buyers of small business computer equipment received a further boost recently with the appointment of two more authorised Digital computer distributors in Britain, bringing the total to seven.

The new distributors are Applied Computer Systems, Manchester, and Hoskyn Systems Development, London. Distributors supply business systems based on Digital's computers with specialised software added.

Full list of authorised distributors on Page 2 of this special supplement.

Smallest 16-bit micro launched

Industry's smallest 16-bit board microcomputer has just been launched by Digital. It measures only 132 mm x 288 mm, about 5¼ in by 11½ in.

It is aimed at such uses as laboratory instrumentation, monitoring and controlling manufacturing processes, robotics, and medical equipment.

Barclay's aide

Barclays Bank has recently installed a VAX-11/780, which helps a wide range of its activities, including financial planning, manpower models, and cash handling.

Pipeline primer

British Gas has PDP-11 computers at strategic points on its North Sea pipeline network to monitor the flow and pressure of gas, and transmit the data to the Scottish Gas grid control room.

A software first

The European Software Group of Digital has brought out its first packet switch interface, VAX-11 PSI, for the public switched-packet network. It allows DEC computer systems to connect with the X25 networks of various countries.

Reuter uses PDP-8s

Reuter, the international news organisation, is the world's No. 1 supplier of economic information to business, banking, and journalism. It started by sending news by pigeon. Now 13,000 subscribers in 112 countries are on its Monitor network, using terminals based on Digital's minicomputers.

Bedside boon

At Bristol Royal Infirmary, a MINC laboratory system connected to ultrasonic flow meters analyses — from the bedside if necessary — patients' blood velocity, to assist in treating arterial disease.

AI at Lloyd's

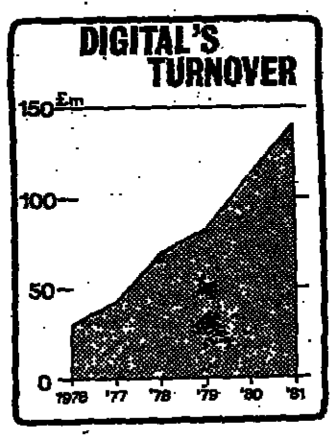
Lloyds of London, the international insurance market, installed one of Digital's dual PDP-11/70 computers when its existing computer was overburdened by 13m a year-plus transactions.

Punter's friend !

Control Systems of Slough have installed PDP-11/34 computers for the Horserace Totalisator Board in six vans which are driven to racecourses. The computers are connected to portable ticket machines, which issue the betting receipt, and to electronic displays, which give the state of the market.

Turnover up 27% in UK

● DIGITAL Equipment of the UK showed a 27 per cent increase in turnover during 1980-81 to reach a record £142m. During the year its number of employees in Britain rose from 2,527 to 2,877.



● DIGITAL Equipment Corporation, the U.S. parent, announced that operating revenue increased 35 per cent in the financial year 1981 to $3.198bn.

This was attributed to the broadening of computer applications due to advances in technology through new and enhanced products.

Worldwide the company employs 63,000—26,500 of them in manufacturing facilities around the globe.

● RESEARCH and engineering expenses world-wide increased 35 per cent in financial year 1981 to $251.2m.

● GROSS PROFIT margin was increased from 44.3 per cent in 1980 to 44.4—by not allowing expense levels to increase at a faster rate than revenues.

● NET INCOME increased world-wide by 37 per cent, to $343.3m, though the pre-tax income had advanced 39 per cent, to $567.4m.

● INCOME per share, net, showed a 23 per cent increase on 1980, at $6.70. It increased less rapidly than pre-tax income due to increases in the number of shares and share equivalents. The company has never paid a cash dividend because its policy has been to use earnings to finance expansion.

● CAPITAL spending in the year ended July was $398m—90 per cent higher than the previous year's. It included $138m on land and building additions, and $231m on equipment additions.

● CONVERSION: During the year, Digital converted $400m of 8⅞ per cent debentures into common stock. This helped reduce its short- and long-term debt to $98m.

● SHARE PRICE: Digital Equipment shares were quoted in New York on November 27 at 91⅞—an advance of 21⅞ on their high in the previous year, testimony of the market's confidence in a company that puts growth before paying dividends.

LATEST FIGURES

● RESULTS for the first quarter, ended September 26, for the new financial year, show that revenue was 28 per cent up on the corresponding quarter, at $839.4m.

● NET INCOME for the quarter for 58 per cent up at $88.8m.

● TOTAL computers shipped by Digital has now passed 320,000, almost a quarter of them to cutsomers in Europe.

Now No. 3 computer supplier in Britain

DIGITAL EQUIPMENT is now Britain's No 3 computer supplier. It has a massive commitment here, with investments amounting to many millions of pounds. And it is celebrating 17 years of successful trading in this country.

Below you can read about Digital's superb new headquarters, Digital Park, near Reading, and about a major expansion at Ayr.

The company employs nearly 3,000 in Britain, and the number is growing. There are 900 at the Reading headquarters. Fifteen sales and service branches, 61 service locations, and 860 service professionals ensure that Digital's support operation is one of the most extensive in the industry.

Digital pursues a policy of local purchase wherever possible. Recruitment and training of technical and clerical staff is done locally. The company makes and enjoys close contacts with local colleges and universities, offering advice and assistance in the most advanced areas of computer technology.

The first 22 students on a new course at the Polytechnic of Central London graduated in 1981. The Computer Engineering Course is sponsored by Digital, through the provision of a computer and tuition assistance.

Research and development in Britain is important to Digital. In Reading, software products are developed for European and world markets. 120 experts at the highest level of their profession make up the European Software Engineering group. This cerebral squad exemplifies Britain's acknowledged lead in software expertise.

Interfaces, graphics systems and other electronic products are designed and manufactured by the Special Systems group in Reading. 170 staff operate almost as an independent business, with responsibility that starts at the drawing board and extends to the packaging.

Manufacturing in volume takes place in Scotland, linked to factories in Germany and the Republic of Ireland. Major British and international companies figure prominently on Digital's customer list.

British industry makes extensive use of our systems for factory management, process control and information control—in warehouses, transport sections, and in the manufacture of steel, cars, aircraft and food, in banks, insurance, and financial institutions, to give but a few examples.

Companies like these, and thousands of smaller firms, have made Digital the third largest computer supplier in this country.

This special supplement is designed to help you understand why. Please turn to the Digital Directory on page 2 to find out how to get to know us even better.

Minister opens new HQ

BY DIGITAL EQUIPMENT NEWS REPORTER

Digital Equipment chose Reading as its UK headquarters because of its proximity to Heathrow Airport, excellent communications links to the rest of the country, and its ability to attract staff to work there.

Those reasons still hold good, and now 900 people work for the company in Reading.

The 750 who work at Digital Park agree that it is a superb, modern workplace. Situated a quarter-of-a-mile from the Basingstoke Road intersection with the M4, it is the new home for many key departments.

These include, Computer Special Systems, Finance and Administration, Personnel, the Product Repair Centre, and Marketing and Publicity.

Air-conditioned throughout its 290,000 square feet, Digital Park consists of a large manufacturing area, a two-storey office section, and two giant computer rooms. Naturally enough, it incorporates the latest computer-based commercial management techniques.

£1m Switchboard

Computers, telephones and word processors can be plugged into the massive communications network from virtually anywhere in the building.

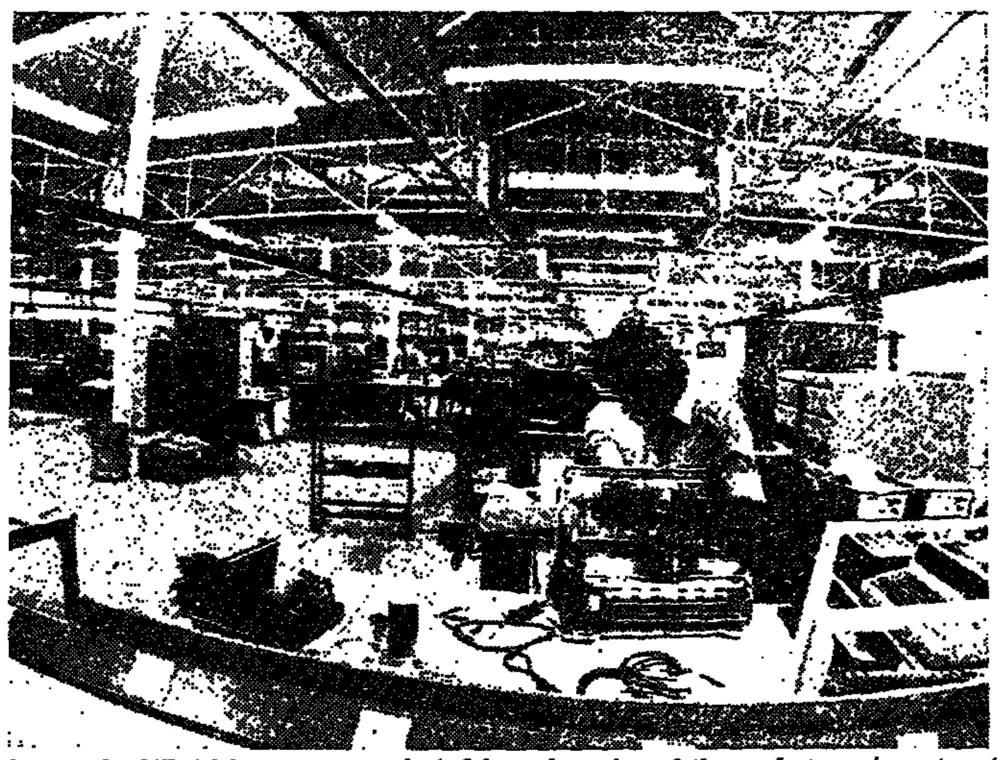
At the centre of the network is a £1m telephone and data communications switchboard. Four-finger push-button dialling from any desk telephone makes an automatic connection to 23 Digital locations in the UK and Ireland, more than 24 European cities, and more than 40 plants in the United States — within 30 seconds.

A central feature is a wide thoroughfare called The Street, which runs the length of the building. There are seating areas along the way for entertaining visitors or for staff to relax with a coffee during a break. There is also a bank and a travel bureau.

Apart from bringing staff to and from central Reading to work, the Digital bus service takes those who wish to pop into town at lunchtime.

Opening day visitors were shown the Electronic Message system that provides almost instantaneous transmission to world headquarter in Maynard, Massachusetts or European headquarters in Geneva.

Mr Baker also unveiled a plaque to mark the occasion.



It's a highly skilled job, computer work. A fish-eye lens view of the product repair centre at the new Diggital Park.

Bonny Scotland wins our vote

DIGITAL EQUIPMENT finds Scotland quite bonny. Having set foot there, and liked what it saw, it soon committed itself to major expansion there.

In May 1979, Digital opened its purpose-built manufacturing plant at the Mosshill Indsutrial Estate, near Ayr, on the West Coast, having operated a pilot plant there since 1976. The Scottish Development Agency met the £4.3m cost of the original and the new buildings.

In January 1981 Digital exercised its option to buy, and paid £4,675,000 for the 265,000 sq ft factory buildings, and having brought its land there up to 65 acres.

And in May 1981 Digital was happy to announce that it had secured planning permission for an 110,000 sq ft extension.

Over all this time, employment at Ayr has been steadily increasing, and the company now employs more than 650 there.

Mr Ray Bleasdale, estates and environments director, commented: "Digital's commitment to long-term development in Scotland confirms our faith in the potential this country offers overseas electronics companies looking for a sound manufacturing base in Europe.

"Digital's vote of confidence in Scotland is further evidence of a trend of high-technology investment by companies which have found Scotland a profitable base."

Mr Dave Spinney, manager of Digital's Ayr plant, says: "We are delighted with the progress made by our Scottish work force because, in high-technology manufacturing where quality and delivery go hand-in-hand, our people have achieved an equal degree of success in both respects.

"Our decision to make this further major investment in Scotland is a commitment to the future of this factory, and a response to the enthusiasm, pride and commitment of the people who work for us here in having made this one of Digital's most successful manufacturing operations."

Digital makes mini-computers at Ayr: in particular its popular 16-bit PDP-11 and 32-bit VAX range of computer systems.

Further expansion in Europe

DIGITAL revenue from Europe was 38 per cent up last year at $935m, and the company has responded by increasing its investment in Europe.

Besides the big new ventures at Reading and Ayr, described above, Digital has increased its manufacturing capacity in Clonmel, Republic of Ireland.

A new plant has been completed at Kaufbeuren, West Germany, and an option has been taken at Valbonne, France, for future expansion of Digital's technical support centre there. In Nijmegen, in the Netherlands, a 200,000 sq ft building has been leased to handle servicing and distribution of replacement parts.

Growth in Europe has been parallelled worldwide. Last year operating revenue rose 35 per cent from $2.37bn to $3.2bn. Net income for the year was $343.3m, compared with $249.9m a year before.

Besides its major establishments in Reading, London, Manchester and Dublin, 14 sales offices in Britain, factories in Scotland, Ireland and Germany, Digital has European regional headquarters in Paris, Milan, Cologne, Munich, Vienna, Brussels, Copenhagen, Helsinki, Utrecht, Oslo, Madrid, Stockholm, Geneva, and Munich.

WRITE TO US

If you want to have any more information about Digital Equipment, or would like to receive a copy of the annual report and a review of the company's activities over the last year, write to:

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RG2 0TR

A match for a tough world

BY DARRYL BARBE,

Managing director, Digital Equipment

FOR Digital Equipment, both worldwide and in the UK the 1981 *financial year has shown* a strong consolidation of our position as one of the world's leading *computer manufacturers*. Worldwide revenues were up 35 per cent to \$3.2bn, while in the UK revenues rose 27 per cent to £142m.

Corporate net income (after taxes) increased by 37 per cent in the financial year 1981 from \$249.9m to \$343.3m and increased slightly as a proportion of total revenues. Results for the *first* quarter of fiscal 1932 (covering July to September 1981) show a continuation of this trend, with a further improvement in profit margins.

Darryl Barbé

Digital seeks to return good profits in order that we may continue to invest in new products and production capacity, to retain the support of our shareholders, and to remain competitive. There are no doubts about our ability to continue to meet these goals, even in the face of vigorous competition from the traditional companies and strong challenges from the newer, smaller operators. Digital's performance over the past year-and-a-half has confirmed that we have adopted good strategies to meet these challenges.

In the current UK economic climate, with many industries in decline and even the historically high growth computer industry showing some signs of slowing, Digital has adopted a cautious approach to business during the past two years. A slowing in the rate of orders has been anticipated for some time, in the expectation that buying decisions would be delayed until the economy improved.

To meet this potential *situation* a number of cost control measures were introduced dur*ing the year, both in the* UK company and throughout the corporation. Internally, we *emphasised the need for each* individual to consider expenditure more closely, and at the same time we set up task forces to analyse specific areas.

For example, we found that it was possible to reduce our travel bill by about 25 per cent without impairing efficiency. The responsibility for costs always has been highly decentralised in Digital, so by asking all managers to consider the day-to-day costs of their department or unit we achieved extensive savings without arbitrary cuts.

*The ability to contain over*heads effectively has enabled us to move ahead with con*fidence in the expansion of our* resources in the UK.

The continued success of the Scottish factory at Ayr has led to a 100,000 sq ft warehouse expansion there, confirming our commitment that manufacturing should be close to the customer whenever possible. In January 1981 we bought outright the land and buildings at Ayr which were originally leased from the Scottish Development Agency.

Staff at the North District sales and service headquarters have now occupied new premises at Birchwood Science Park, Warrington, and the branch at Bristol is shortly to be enlarged.

In general, competition has remained very intense over the past year. In some cases companies are cutting margins to win business. Recognising that winning orders is never easy, even in the best circumstances, Digital has tried to ensure that we remain competitive by cutting waste instead.

We have continued to invest *heavily in research and develop*ment. This is essential for any business that intends to keep *ahead of the market, and is* a policy that Digital will continue. In fiscal 1981, we spent \$250m on research and engineering, an increase of 35 per cent over the previous year.

Digital also increased its advertising and promotional effort during the year, as we *believe that this is a vital way* of investing. It is a temptation to cut spending across the *board if forecasts show* a slackening of business. I believe we have achieved *important improvements* by concentrating on cutting waste, rather than simply reducing *expenditure* for its own sake.

Competition works both ways, of course. While we are meeting tough and worthy competitors all the time, I also believe that what we have done this year—and will continue to do—will be worrying them, too.

The Government is supporting the "sunrise industries" of the new technologies, and we firmly back their aims as embodied in Information Technology Year 1982. We also believe that the contributions made by major companies such as ours to the economy of the country is recognised and encouraged by the Government.

As a large and increasing proportion of our manufacturing and operating costs are incurred locally, factors such as a *fluctuating exchange rate have* not impinged too heavily on our performance.

Similarly, with a background of high interest rates generally, Digital has taken measures to use resources more efficiently to reduce the need for borrowing. Returning good profits and containing the growth of our costs has helped considerably in the borrowing that we have undertaken.

Underlying trends for our business look good overall. In the UK there are many fast growing segments. There is no doubt that there is a great deal of solid business for the computer industry in the next decade and beyond.

Competition will increase rather than abate and the leaders will need to be in shape to stay ahead. The real significance of the last year for Digital is that we have proved ourselves a match for a tough world.

DIRECTORY

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BELFAST: 38, Dublin Rd, Belfast BT3 9DT. Tel (0232) 20024. Telex 747837.

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LEICESTER: Bosworth Hse, 67 Southgate, Leicester LE1 5RR. Tel (0533) 530931. Telex 341794.

LONDON: James Watt House, 279 Tottenham Court Road, London W1. Tel (01) 637 5200. Telex 27560.

MANCHESTER: Arndale Hse, Chester Road, Stretford, Manchester, *M32 9BH. Tel (061)* 865 8676. Telex 668666.

WELWYN: The Hall, Church *Street, Welwyn, Herts, AL6* 9LX. Tel (043 871) 6111. Telex 836195.

CHELMSFORD (Service only): 43 Bloomfield Road, Chelmsford, Essex. Tel (0245) 351615. Telex 995681.

MAIDSTONE (Service only): Equity and Law House, 2 London Road, Maidstone, Kent. Tel (0622) 677561. Telex 966109.

NEWMARKET: Suffolk Hse, Fordham Road, Newmarket, Suffolk. Tel (0638) 67201. Telex 817333.

TEESIDE (Service only): The Need Building, Lymeric Road, Dormanstown, Redcar, Cleveland. Tel (0642) 470444. Telex 58618.

TRAINING CENTRES

MANCHESTER: Arndale Hse, Chester Road, Stretford, Man*chester, M32 9BH. Tel (061)* 865 8676 (061) 865 0785. Telex 668666.

READING: Fountain House, The Butts Centre, Reading RG1 7QN. Tel (0734) 583555. Telex 848327/8.

ACCESSORIES AND SUPPLIES

READING: Units 9/10, Stadium Way, Scours Lane, Reading, RG3 6AX. Tel (0734) 583555.

WORLD HEADQUARTERS

DIGITAL EQUIPMENT CORPORATION: 146 Main Street, Maynard, Massachusetts 01754. Tel (617) 897 5111. Telex 94-8457.

AUTHORISED DISTRIBUTORS

A.C.T. (Computers) Ltd., 111, *Hagley Road, Edgbaston, Bir*mingham B16 8LB. Tel: 021-454 8585.

Alveronic Computer Systems Ltd., Alveronic House, Ryde Avenue, Hull HU5 1QQ. Tel: *0482 445461.*

Applied Computer Systems Ltd., Warwickgate House, Warwick Road, Old Trafford, Manchester M16 0QQ. Tel: 061-872 8521.

C.H.A. Group, 1, 2 and 3, Angel Court, Market Harborough, Leics. LE16 9QR. Tel: 0858 63902.

Hoskyns Systems Development Ltd., Africa House, 64-78, Kingsway, London WC2B 6BC. Tel: 01-242 1951.

Management Control Systems, 3, Wynnstay Grove, Fallowfield, Manchester M14 6XC. Tel: 061-248 7100.

Online Computing Ltd., Marino House, 53, Glasthule Road, Sandygrove, Co. Dublin. Tel: Dublin 800316.

Our computers score in all directions

By BILL PASSMORE, UK marketing manager

CONSIDER for a moment the awesome breadth of possibilities for computing. The computer today is everywhere, in every conceivable kind of commercial or scientific enterprise. Veterinary surgeons use them in their private practices as do giant commercial enterprises. Clinical researchers use them, as do accountants. Robot manufacturers build them in, gas boards have computers for billing consumers. And so on.

Digital's computers are to be found at work in virtually every computer application.

One reason for this is the range of products offered, and ease with which they can be adapted. Another is our readiness to respond to market demand.

In the early days we sold *computers to scientists who had* the time to devote to learning a computer language. We *turned out the hardware and* they made it run their programs. Nowadays our customers *expect more, so we provide aids* to programming, a choice of languages and "help" facilities, *particularly in the world of* commercial data processing.

The major application of *Digital systems in the commer*cial sector has been to help in decision-making by providing *information for management.*

Inventory

Inventory and plant management, equipment manufacturing, distribution, process control and banking are particular areas of expertise for Digital's commercial group. These are typically large concerns, needing individual, departmental and company-wide systems advice, so Digital assigns a specialist team to each account.

Frequently interest lies in linking computers from various parts of an organisation. Daily sales figures, inventories, and accounting information are typical examples. Networks and communications links are becoming cheaper and more effective in response.

Even with the spotlight currently on the minicomputer and *its sibling the microcomputer,* Digital is selling its large powerful "mainframe" systems. There *are two reasons why these com*puters are good business. First, they offer a unique capacity for many users to access them at the same time but running different programs. Second, we can offer "one-stop shopping" to buyers whose needs are multiple.

Since the commercial market is so varied it requires a range of channels for distribution. Though large organisations are still best dealt with by a direct sales force, the small business market is too varied for this approach. For this reason Digital has adopted a policy of co-operating with OEMs (original equipment manufacturers).

Typically these OEMs buy systems, add specialist or tailored software, and sell the *whole package to the customer* complete with service and support. First-time users in small-to *medium-sized businesses* make up the majority of these customers.

*From the 70 or so of Digi*tal's British OEMs, Digital has so far appointed seven as authorised DIGITAL Computer distributors. To qualify, distributors must satisfy rigorous customer satisfaction tests, be financially strong, and have developed a good working relationship with their principal, Digital.

In return, distributors get promotional funds and advertising backing. Small businesses get the benefit of buying from a reliable supplier backed by a major international organisation.

Digital pioneered the concept of a computer inexpensive enough for a single scientist to own and simple enough for a single researcher to operate. Since then, technical advances have meant that modern equipment is many times faster, but at a fraction of the cost. Recent advances in graphical output from computers have made it cheaper—and more colourful. Designers—and increasingly—computer jargon) has developed fastest of all. In the most advanced cases, it can mean leapfrogging the prototype stage altogether, going from drawing board to production in record time. Getting to market first with an improved design is a major competitive coup.

Computers have two major contributions to make in the field of health care. First, they can relieve medical staff of time-consuming chores and they can be used by hospital administrators to ensure the best results from limited resources. Standard VAXs and PDP-11s with Digital's standard MUMPS (DSM) *software are already* used in many medical information systems for handling medi*cal records or recording data for* clinical laboratories and blood and organ banks.

In the laboratory . . .

. . . and in the office

Just two of the many applications for the Digital range of computers.

managers can display information in readily understood form *to suit.*

Researchers still look for fast and reliable tools which can handle routine aspects of work while also demanding a flexible system that allows for experimentation and development.

Practising engineers also have *a range of computers and soft*ware products geared to specific requirements in the fields of *civil and structural engineering,* and electronic engineering.

Computer-aided design (when linked to the manufacturing process it is termed CAD/CAM in

In education, Digital pioneered the use of low-cost time-sharing in the classroom, offering systems that dealt with a school's administrative tasks as well as the academic function. Our Education Computer Systems Group provides more computers for interactive student use than any other manufacturer. Industrial training using similar techniques is an obvious extension of the expertise built up in this sector.

Most of the markets in which Digital operates are "end-user;" that is Digital sells directly to the user of the end product. But a large portion of the company's revenue is derived from the "technical OEM" marketplace.

These are manufacturers of equipment such as traffic light control systems, aircraft simulators, and process control panels, where a computer is required to "drive" the operation. Digital sells virtually its entire range of processors to these "build-in" buyers, usually in large quantities. These are even products specially designed for technical OEMs such as the SB11 control computer colloquially known as the "shoebox" for its size.

Selling microcomputers and terminals in high volumes requires a different approach. Digital is increasingly using distributors (especially in the U.S., but one has already been appointed in the UK) to stock and service the microcomputers of which considerably more than 100,000 are in use around the world.

Buyers of Digital micros typically build them into other products: robotics is a major and expanding use. Digital has captured a third of the world market for 16-bit board-level micros (the kind you find in sophisticated robots) by packing more and more power into a smaller space. Reliability and power at the right price have created a new market for Digital since its first microcomputer product was sold in 1975.

A quarter of a million VT100 *video terminals are now in use.* That makes it the industry standard computer terminal, as evidenced by the *look-alikes* and copies now coming on the scene. Video and hardcopy terminals, sold in volume through distributors and re-sellers are now a major source of revenue for the company.

Service

A Special Systems group (120 professionals in the Reading section) can build interfaces, graphics capabilities and other electronic products to specification as long as the potential market warrants a low-to-*medium production run.* Operating round the world (with three centres in Europe) the special systems group can build products tailored to local market demand.

Every computer installation eats paper, ribbons, magnetic tape and disk packs. With 300,000-plus sites Digital formed a supplies group to get these products to customers in minimum time. Supplies are turned round in 24 hours from an 11,000 sq ft warehouse in Reading. Phone orders are taken direct from the Mail *Order Catalogue.*

In Europe, word processors are mainly sold directly to small *businesses, but increasingly big* business is turning to multiple word processing systems. Digital offers the benefits of communicating word processors that can share documents and also access computer databases.

Digital's marketing effort is also directed towards after-sales service. More and more often a sale depends on the supplier's ability to fix and repair faults quickly, and offer all round systems advice and support.

Our service is unmatched in range and quality and our customers have endorsed this approach: a quarter of our total revenues is derived from after-sales service.

The office of the future is on its way to Britain

THE OFFICE of the future is being sold today. Digital launched its programme in the United States six weeks ago, and will bring it soon to Britain and Europe.

Observers say we are on the threshold of a new era in computerisation in the office, and talk of a revolution in our working lives. Others take a more phlegmatic view, and foresee an evolutionary process that has really only just begun.

So how does one of the major suppliers of computer systems to industry and commerce approach the subject?

Let's compare Digital's attitude towards distributed data processing (DDP) which became one of the industry's catchphrases of the seventies. The kinds of business to which *Digital talked about DDP* covered giant multi-nationals with centralised mainframe *systems, nationalised or quasi-*governmental concerns with vastly disparate requirements, and businesses with rapid growth prospects needing a "fast footwork" approach.

Selling DDP demanded a cautious first step based on commonsense. No-one was ready to throw out expensive mainframe systems and distribute minicomputers over-*night.* Ten years on, many organisations now have *computer/information systems* based on minicomputers installed (and controlled) at departmental level, *often net*worked together, and communicating with the existing mainframe installation.

If distributed data processing was the theme of the 1970s, office *information systems* is the theme of the 1980s.

The growing amount of *paperwork forced on every* business and the urgent cry for greater productivity and *efficiency have brought the* realisation that information is vital to everyone in an office, from *managing director to* junior clerk.

Rational

A rational approach to office automation is now required. *The automation of simple tasks* is at best piecemeal, at worst a hindrance to a proper solution.

The vision of managers able to turn on an "information tap" in their office is a long way *off—not least because* deciding what information, when and where, is still to be decided.

Computer systems and information storage are expensive investments, so the "need to know" principle must be *strictly* applied. *Every office is* different: there are very few common features between most *offices.*

The key to Digital's approach is integration: computers that *communicate with other com*puters (including non-Digital), word processors that can *connect with each* other and with host computers, an electronic mail system that connects *to the other elements.* The extent of the automation that takes place is left to the user.

Digital believes that the office is going to be one of the largest sectors of business *in three to* five years, and has planned for growth by formulating an appropriate strategy.

Office Plus is the name of the new child. It is a range of products *specially tailored* to business needs under the strategy of integrating the functions—not merely the tasks — *of the* modern office.

Writing a memo is a task. *Copying it,* circulating it and filing it are separate tasks, which together make up a function. *Such aids* as typewriters, duplicators, and copying machines are used to ease the burden. *But a system* on the other hand, automates the entire function.

Most systems now on the market lack the ability to offer integrated solutions to the problems of automating office functions—largely because there are many different communication methods within offices.

Office Plus integrates numeric, textual and graphic information at the level of the user. It integrates text processing and data processing. And it integrates personal, department and company systems.

Largest

For four years, Digital has operated what is almost certainly the largest electronic mail *system in existence. In our* offices our own computers abound, frequently communicat*ing with each other, often net*worked over vast distances. They range in size from multi-user timesharing mainframes to single-user word processors.

In 25 years, more than 320,000 computers have been built *and* sold by Digital, many to commercial users.

On this basis, *Digital claims* to understand the next major extension in office information —bringing *systems into the* hands of the "knowledge worker"—managers, engineers, analysts, secretaries, *educators,* and all types of professional.

The magic behind the Metro line

EUROPE'S most highly automated car plant is the £275m Metro plant at Longbridge, the cornerstone of BL's survival plan, indeed Britain's hope for a future as a major car manufacturer. More than a dozen Digital computers control all the major functions there.

Most of the production control systems run on a dual DEC PDP 11/70 backed by dual PDP 11/34 systems at Longbridge. This is linked over BL's microwave network into its data centre at Redditch.

The master Longbridge computer runs systems controlling: order selection and body production, paint scheduling, store management, body routing and recording, vehicle sequencing, line broadcasting and vehicle tracking.

Digital has supplied the Royal Navy with a complete system to control stores and general ship administration. A frigate, for example, carries about 28,000 spare parts valued at £1m.

On board ship the computers will be installed in the stores offices amidships—operated by sailors who do not need any specialised training. Every transaction is recorded to give the operator instant access on the VDU to the availability and status of stores. Rather different from Nelson's day!

Captain John Powell, head of the project, commented: "Digital is a firm with wide technical support to match the Royal Navy's needs."

● **Most major cartographic institutions are having their maps digitised to allow them to be updated more easily by computers. Digital's PDP-11 and VAX computers are being used to drive a laser machine which automatically converts map information into digital form.**

Our engineers know what yours want

WHO BETTER to understand the problems of engineers than a company founded and built up by engineers? Who better to understand the needs of a technology-driven market than system designers who daily work at the leading edge of technology?

Digital recognises that engineering designs have become more complex, costs and deadlines more closely controlled, and environmental considerations more pressing.

We realise that a good engineer has also to be a good manager; that rising interest rates, increased capital and operating costs, and more costly fuels and materials mean that correct *management* decisions are equally important.

We are also aware that the real productivity gains are no longer limited to design modelling and simulation. They come from integrating the flow of information that stems from the various functions in product design and manufacturing.

Integrated computer-assisted engineering (CAE) shortens time-to-market, guarantees higher quality products, and makes best possible use of available manpower. Modelling time is minimised; various alternatives can be examined and costed effectively; long lead times for tooling can be booked in advance; manufacturing cost considerations can be given earlier priority.

MARKETS POLICY

Digital has sold 320,000 computers because the products lend themselves to all kinds of uses. It has a market-orientated direct sales force, which concentrates on understanding the customers' business. Digital talks to users in their own language. It believes in good contact with the market.

Digital ranks No. 1 for education needs

IN THE PAST 20 years computing has become an integral part of the syllabus in modern education. Its share of the timetable in schools, colleges, and *universities is growing and* growing.

Digital's understanding of *those* needs *has enabled us to supply* and install more computers for educational use than any other computer manufacturer.

We pioneered the first low-cost timesharing system with vendor-supported software, making the computer directly accessible to all levels of education. We introduced dual-function systems that balanced flexibility and capacity for instructional timesharing with makers' conventional machines, langauges and file-storage *capacity for administrative data* processing at the price of other

Digital's computers enable teachers to meet individual student needs and skill levels in a more rewarding and challenging way. Computer-aided instruction balances the individual's wish to work independently with the need to handle greater numbers of students.

● **Trinity College, Dublin, has a library of 2½m volumes, including every book published in the British Isles in the last 200 years. It uses Digital's DECSYSTEM-20s to keep control of this immense stock.**

MINC aids medical care

MODERN medical care entails **vast quantities of data from a wide range of related** ***disciplines. To each discipline*** **time is vital. So is the need for accurate and complete** ***information about the patient*** **—and prompt access to it.**

Equally for National Health hospitals and private institutions, and for all types of clinic and laboratory, Digital's computer systems are designed to help the medical staff have more time for caring, and to relieve the ***drudgery of the vital administration side.***

Hundreds of hospitals and institutes around the world are using MINC laboratory systems for clinical work, and minicomputers in research and admin.

● **Two eminent British doctors used a Digital minicomputer in making a breakthrough in the battle to eliminate the Cot Death Phenomenon, a long-term and baffling form of infant mortality.**

Sharpen up your R & D

MORE AND MORE time and cash is being put into Research *and Development in this Age* of Invention. It goes without saying that the computer is b r i n g i n g new *speed and* efficiency into R & D.

Managers in the field need to control rapidly changing technologies, adapt to new manufacturing processes, speed the introduction of new products, and meet new and increasingly complex regulations. And they need greater variety and detail in reporting and storing data. Digital has the equipment to *meet all these crying needs.*

Digital is the pioneer and recognised leader in Distributed *Data Processing,* Timesharing and Realtime computer applications—all designed to bring the *researcher and the* computer together, to the fullest benefit.

Greater efficiency in banks

TODAY'S banking skills have become more specialised and time is more critical. The bottlenecks of a centralised system have to be avoided; skilled banking staff who may not be experienced in computer use need prompt information; and new customer services are *being brought in.* Everyone is looking for greater productivity and efficiency.

Digital believes bank problems in communication and control can be best solved through interactive distributed data processing.

By dedicating computers to specific tasks within specific departments or by linking small interactive computers in branches to a central mainframe, banking customers can build networks that are more responsive to the information needs of the organisation and its customers.

Flexibility comes by computerising those critical areas that offer immediate time and costs savings. Other functions can then be added as they become cost-justified.

Wide product range to meet all needs

DIGITAL Equipment's products range from microcomputers and individual work stations to large time-sharing systems. The company has paid considerable attention to making them compatible with each other, so that users can add more capacity as the need arises without abandoning their original investment.

Similarly, customers can rely on a high degree of software *compatability*, both between systems and across different *generations* of *Digital's* computers, thus ensuring that *the initial costs of software* development are not wasted.

Current development of Digital's hardware and software is therefore based both on new trends in technologies and on the customer's need to maximise investment in a particular system once chosen, and this strategy is employed throughout Digital's three main system types: 16-bit, 32-bit, and 36-bit.

Present 16-bit products are already leaders in their field in terms of price and performance, and Digital is now concentrating on further applications and on *developing* more compact systems at lower prices.

Digital also claims the lead in 36-bit interactive timesharing systems with **DECsystem-10** and **DECSYSTEM-20** and the company is now concentrating *on further* improving performance while maintaining current *prices*.

Digital's aim for its 32-bit systems is to create a "family" and thus widen the range of potential customers. By adding both smaller and larger systems to the current 32-bit range, and with further software additions,

PRODUCT POLICY

Compatability and the widest choice of products in the industry are the key to digital's product approach. Buyers can select just the right amount of performance to suit the need, and the budget *systems can be enlarged* easily.

Digital also sells the complete system—including storage peripherals, terminals and special requirements.

Digital expects current high demand for **VAX** 32-bit systems to rise in the near future. Capital investment effort is therefore directed to developing further software and "interconnect" products that will *enable customers to move data* amongst different systems.

Chief of these interconnect products is **DECnet**, a set of software tools that enables a user to link different computers throughout an organisation. Digital has become a leading supplier of such products, facilitating links between its own computers and with those of other manufacturers and public communications networks.

DECnet Phase III is the most recent development in this area, providing better communications and network facilities for VAX and PDP-11 computers. Digital has also collaborated with Xerox and Intel to produce the *Ethernet* specification for a new local-area network.

Announced last year, the *specification* has already been accepted by a number of manufacturers of computers, semiconductors and office equipment, as a standard for building networks of computers within an office area or building.

Digital's emphasis on systems compatibility extends into the development of its terminal business. As well as designing and manufacturing terminals for use with its own central processing units, Digital is also an industry leader in the external market, providing terminals for use with other systems. Products competing in *this sphere include the* **LA120** teleprinter and the **VT100** video terminal.

The VT100 is the primary terminal for Digital's own systems, but has proved so successful in non-Digital systems *that it has become an industry* standard. A less welcome, to *Digital anyway, indication of* its success are the five imitations of the *VT100* currently on the market.

Digital has one-third of the world market for board-level microcomputers. Products include the **LSI-11/2** and **LSI-11/23**, as well as the recently announced **SBC-11/21**. Applications are numerous and growing daily, including robotics, vending machines, numerical control and control of mass transit systems.

For the future Digital sees a continuation of the trend towards dramatically increased performance at lower prices. If the car industry had matched the computer industry in cost and performance, a car would sell for £300 and do 100 miles *to the gallon, says* one of Digital's senior engineers.

The computer industry's accelerated development has been based on rapid advances in semiconductor technology, from transistors to integrated circuits to ever larger scale integrated circuits.

Low prices

Eight-bit microprocessors are now mass-produced at prices as low as $10. As the circuit densities on chips are increased it will soon be possible to manufacture 16-bit and even 32-bit microprocessors in similar volumes and at correspondingly low prices.

Higher densities have also had a major impact on the size of the central processor and an even more dramatic effect *on the size and cost of computer memories.* The result *that millions of bytes of* memory are possible in a system that only a *few* years ago would have been restricted by cost to a few tens of thousands of bytes.

One of the biggest computers . . .

Software development has had to take account of these trends. Lower hardware costs have enabled the system designer to use the vastly improved computer performance to make systems much easier to use. Thus the use of structured computer languages such as COBOL and FORTRAN will decrease as it becomes more and more possible to program in natural languages.

Interaction

Digital stresses personal "*interaction*" *in all its spheres* of operation. The first *commercially available computer* system with an interactive video display was the **PDP-1** introduced by Digital in 1960. Its ***PDP-6*** launched *in 1964*, was the first interactive timesharing system. A year later the **PDP-8**, the first mini computer, made it possible to distribute computers throughout an organisation beginning a trend towards distributed computing which was furthered by the **PDP-11** in 1969.

Another milestone in interactive systems *was the introduction* of the VAX computers in *1977* which have become the standard for scientific computers. Introduction of the smaller and lower-priced VAX 11/750 has broadened the popularity of this type of computer into the commercial and industrial worlds, while VAX computers are also widely-used for computer-aided design and

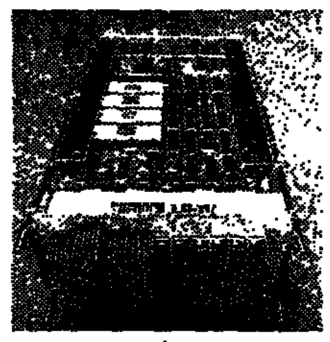
Interactive systems have increased programming productivity *considerably*, *enabling* shorter training periods and more intensive use than was possible with traditional "batch" systems.

Digital is now concentrating on making these major advances *available to the casual computer* user as well as to the *professional programmer. The* transition started with systems *that can be installed by customers* themselves and the trend will continue. Non-programmers will not want to learn languages such as BASIC and FORTRAN, but will increasingly expect natural language or menu-driven systems where the user merely selects from a series of "menus" or index of options.

Technical innovation and high quality depend on the right engineering environment. Digital believes that the challenging and exciting environment they offer has attracted first rate engineers. The company currently employs about 4,000 engineers operating in five U.S. *and two European* locations. The geographical *dispersal* has led to the engineering department installing one of the largest on-line data and mail communication networks using Digital's own products.

The simple desktop control works one of *Digital's* powerful VAX computers. *Below* is one of Digital's smallest computers, whose circuit boards are the same size as a paperback book

. . . and one of the smallest



A list of Digital's major new products launched in 1981 can be found in column one Page 4

● SOFTWARE

Flexible approach provides a bridge

DIGITAL has always provided a bridge between different computer families and generations through a policy *of* flexibility — in the trade we talk about software migration *and inter-computer* communication.

It is aimed at saving the customer money. Software migration *allows users to take* applications developed on one system and run them on other Digital systems. This often avoids the need *for* rewriting application programs every time hardware or software is upgraded.

Many application programs written *on* early PDP-11 models are valid today over the entire product range, because Digital sees it as its job to pull out all the stops *for users to get the maximum* from their original investments.

Enhancements

During the past year we have produced several hundred software enhancements, covering all our operating systems, aimed at giving our customers easy *migration*.

Our long-standing commitment to computer-to-computer communications was reinforced by the introduction of Packetnet (links to public packet-switching networks) *and the publication* of the Ethernet specifications for *local area networks*.

There *are* now three ways to achieve computer-to-computer *communication*: DECnet between Digital computers, Internet for *Digital* computers to other types, and Packetnet to access the new public networks.

The sole route to improvement

IN THE WORLD of computers, it is vital to get it right first time. Digital has a philosophy that the sole route to improvement is by the use of well-proven technology.

***This puts the beef behind* our product development strategy of compatibility.**

In March, Digital introduced *in the* UK *a new member* of the 16-bit family, the PDP11/24. New developments allowed us to put this entire minicomputer on to one board.

It runs the same operating system and is fully compatible with all earlier PDP-11 systems, which are now operated by 240,000 users in the world! It is also compatible with the 32-bit VAX *family, whose second member,* the VAX-11/750 was introduced *in October 1980.*

Using one of what is termed a custom gate array chip to do the work 25 ordinary chips did before, the VAX-11/750 cost less to produce, it was smaller and more reliable.

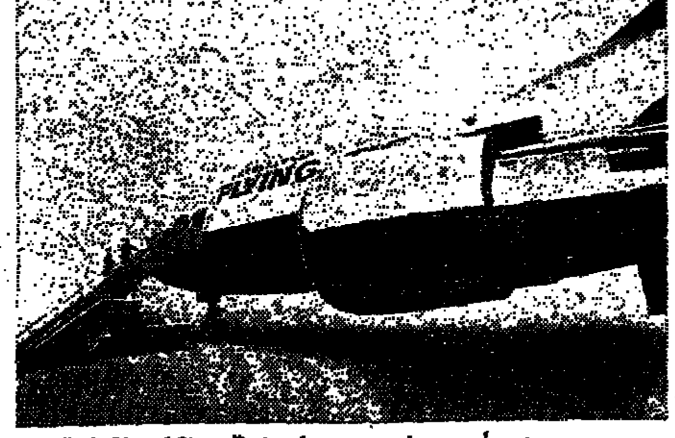
Digital's computers are changing the way the world thinks.

When we introduced the Minicomputer, over 20 years ago, we immediately established ourselves as industry pioneers. For the first time, computers were taken out of the computer room and made available to people who were not necessarily computer experts. It was a major change, the first of many we've made since then.

Over the years, we've made computers smaller yet more powerful, less expensive yet more reliable, more versatile yet easier to use. We've specialised in systems that

In London, Digital's computers process over ¾ million cheques a day from the 1,650 branches of the Trustee Savings Bank.

put information exactly where it's needed, in the hands of the people who actually use it in their work.



In the United States, Boeing Aerospace engineers exchange data instantly, thanks to Digital's state-of-the-art computer networking technology.

These changes have allowed us to bring computer technology to whole new fields, changing them in turn.

Now, with over 63,000 people in over 40 countries, with over $3,000 million in annual sales, we're one of the world's biggest, most respected computer companies. And we'd like to share our experience with you.

We manufacture one of the broadest lines of proven equipment in the industry, so we can offer you a system that's as large as you need, but no larger. When you need more capacity, the extensive compatibility of our systems, lets you add it on gradually, without sacrificing your original investment.

As for follow-through support, Digital is second to none. We have over 16,000 service people worldwide, devoted only to maintaining your equipment, training your people and keeping your system running smoothly for as long as you use it.

So if you want the technology, the expertise, and the follow-through

In Milan, Italy, Digital brought computers right to the floor of the Alfa Romeo factory, to perform extensive dynamic testing on every engine produced.

capabilities of a leader in the industry, talk to us.

In Switzerland, Digital's computers analyse data from 60 weather stations every 10 minutes, giving accurate forecasts of the capricious Alpine weather.

Digital Equipment Co. Limited,
Digital Park, PO Box 110, Imperial Way,
Reading RG2 0TR.

digital

We change the way the world thinks.

Major products launched in 1981

VAX-11/750
Powerful minicomputer of the new 32-bit generation. Employs advanced gate array silicon chip technology designed and produced at Digital's Semiconductor Technology Centre. VAX System prices range from £57,000 up to about £500,000.

DECMATE
An office workstation for word processing, records management and communications to computers. With letter printer and desk, under £6,000 complete.

FALCON SBC-11/21
The size of a slim paperback, Falcon is smallest 16-bit computer on a single board.

VT18X
Personal computing option for the 250,000 VT100 video terminals in use worldwide. Over 2,000 programs available. From £1,729, terminal excluded.

VT125 GRAPHICS DISPLAY
Bar charts, pie charts, trend lines, point-plot graphs and pictures can be displayed on the VT125.

PDP-11/24
Newest member of the world's best selling family of general purpose minicomputers with over 200,000 in use worldwide. From about £7,000.

VAX INFORMATION ARCHITECTURE
Information management tools for use on VAX computers. Including English language commands, data dictionary, database enquiry and report generation.

SB11 CONTROL COMPUTER
A powerful computer, packaged small. A foot square and four inches deep, the SB11 can work in any orientation. From about £1,500.

VAX-11 PSI
First interface for the UK public packet-switching network. Developed by Digital in Reading for connecting VAX systems to the advanced data communications of the new technology.

GIGI
Keyboard with built-in microcomputer for producing colour graphics for modelling, computer-aided design and instructional uses. Requires connection to a computer and a colour monitor. About £1,600 for the keyboard.

PROFESSIONAL SERVICES

Expert advice on technical problems

A COMPLETE range of applications and software development services, from specific assistance to the provision of complete (turnkey) solutions, is now available from Digital's Software Services organisation to all customers in the UK and Ireland.

Four categories of Professional Service are on offer: consulting, projects, machine resources and products.

Consulting services include advice on the use of Digital products in applications development applications conversion: system performance and tuning: computer facility management; and contract programming.

Project services include feasibility studies: systems analysis and design: programming: and project management. Digital will also take on total development responsibility from inception to completion, and subsequent maintenance.

Developed

Machine resources to support projects are available from Digital's London Datacentre, and Digital's 13 sales branches in the UK and Ireland.

Products have been specifically developed for the UK market-place by Digital's Professional Services, covering a range of systems and applications software. The newly announced XBM Packages for Digital to ICL communications are an example.

Digital's UK Professional Services Business Manager, Mike Wright, says: "Digital's Software Services organisation now offers a comprehensive range of capabilities which is second to none.

"We can offer all the services of a major software house to our customers across all disciplines, markets and applications, backed by our years of experience and first-class technical expertise. We know our own products better than anyone."

Digital makes sure you get the right support

COMPREHENSIVE back-up services are an important part of the Digital Equipment organisation within the UK. More than 850 professional support staff are employed to provide a full range of services to Britain's 10,000-plus Digital users. These include hardware and software maintenance, applications and software advice, turnkey projects, customer education and training, and general support like provision of accessories and spares.

Service starts even before customers install their systems and in some technically-oriented applications, such as engineering design or aircraft simulation, customers need to test and develop programs before their own system is delivered.

The Technical Marketing Centre in Reading and the London Data Centre offer this facility, with a wide range of systems and colour graphics terminals plus latest networking and communications technology. Similar services are provided by other data centres in our sales and service offices.

Remedial

General hardware maintenance is covered by Digital's field service and starts with the specialist installation teams based at 15 branch offices throughout the country. Thereafter specialists are assigned to specific customers to ensure optimum use of particular systems.

These engineers in the field will be backed by branch offices which in turn can call on higher management or more specialist technical expertise within the organisation. By scattering branches throughout the UK, Digital ensures that the downtime on any installation can be kept to a minimum. If a particular repair exceeds a predefined time an "Action Outage" scheme automatically brings in assistance from other parts of the organisation.

Computerised fault-finding via the **Remote Diagnosis Centre** can also minimise downtime. Customers linked to this centre can receive a remote diagnostic check merely by operating a security switch. They are guaranteed remedial treatment within four hours. The link can also be used for general maintenance. By running a remote diagnostic check before a routine call the engineer can arrive knowing exactly what is required.

A **Terminal Service Group** deals with terminal-only faults employing specialists with a fleet of 46 vans, each stocked with virtually every spare that may be needed for electromechanical or electronic faults.

Customers' service requirements vary considerably and this is recognised is a variety of service contracts. A field service agreement will cover all labour and materials, preventive maintenance, installation of changes and emergency repairs. Or customers may opt for maintenance arrangements based on time-and-materials only.

Digital's typical customers are end-users, either commercial or technical, but the company also works with OEMs—original equipment manufacturers—whose customers also benefit from the Digital field service.

A special service—**DECservice**—is offered to customers for whom time is even more critical than usual. This service commits Digital to intensive preventive maintenance and to a maximum four-hour response to any call. On top of this the company guarantees continuous work, around the clock and over weekends where necessary, until the fault is repaired.

The maintenance service is backed by ready provision of thousands of spare parts. The **Field Service Logistics Centre** in Reading ensures that spares are always available and maintains stock levels at the 15 service branches. Also based at Reading is the **Off-Site Service Centre** where qualified technicians carry out electronic and electromechanical repairs that cannot be dealt with on-site. Equipment dealt with ranges from complete systems to small peripherals like tape drives.

Customers with the technical expertise to undertake detailed maintenance within their own organisations can also use the Reading centre for repair and refurbishment of their own equipment.

Advice on software and applications is covered by the **Software Services Group** whose specialists are involved from the customer's first contact with Digital and help in the initial choice of software.

Advice, maintenance and development for both systems software and applications programs is provided by the Software Services Group, whose specialists are involved from the customer's first contact with Digital.

Software Services assists customers to analyse their requirements for computers, designs computer systems to fulfil them, and helps the customer to select the appropriate Digital hardware and software.

Digital specialists provide advice and assistance to customers who want to develop their own applications programs, and they develop complete operational systems when required.

Where standard systems software does not completely meet specialised needs, Software Services provides modifications and enhancements.

To ensure users of Digital computers obtain maximum benefit from their systems, a wide range of software maintenance contracts is available. Our DECSUPPORT service provides specialists on site to help analyse any systems problems a customer may have.

Maintenance services are based on the **Telephone Support Centre** at Basingstoke, where calls receive specialist attention, usually within two hours. Over 90 per cent of all problems reported to the centre are resolved over the telephone.

Training

Customer training and education is available at three separate centres (London, Manchester and Reading), which also provide training for Digital's own engineers and software experts. But on-site courses at the customer's own workplace are also provided where required.

SERVICE POLICY

Digital sets out to provide all the staff a user needs, and has 22,000 service staff to carry it out.

Advice before purchase, several types of service contract for maintenance, training of both technical and non-technical staff, and even the ribbons and paper a computer needs.

Remote Diagnosis by telephone is catching on quickly

A UNIQUE system of remote fault diagnosis, by which a computer "inspects" a faulty mini at the other end of a telephone line was launched by Digital last year.

Rio Tinto-Zinc, the Chemical Bank, and British Ropes were among the pioneer users, and now more than 450 customers are connected with Digital's Remote Diagnosis Centre at Basingstoke.

Several million dollars has been invested in the project, and there are several thousand users of the service in the U.S., and there is a Continental network linked to Valbonne in the South of France.

The service costs no extra to users with PDP 11/44, PDP 11/70, VAX 11/750 and VAX 11/780 systems maintained by Digital. It works through a special microprocessor and communications interface in the customer's system.

The diagnosis enables service engineers to go to the customer with the right spares and a clear picture of what is faulty. It saves Digital's time, it saves the user-company's time and cuts the time the computer is out of full use.

About 10 per cent of the faults can be cured over the telephone and 83 per cent can be diagnosed immediately —cutting the number that need special investigation to a mere 7 per cent.

The young lady at the telephone is using Digital's Remote Diagnosis System—saving time and money.

This is how the system works for the user: First a local charge Freephone connection to Basingstoke. After routine identification and other checks, the diagnosis procedure is gone through. Everything is logged, and a file on the user's machine is compiled. A diagnosis procedure is gone the whole routine and when the fault becomes apparent rings the customer's nearest Digital service base and indicates what will be needed. For the diagnosis service Digital employs two PDP 11/70s, and two 11/04s for auto-dialling.

Remote Fault Diagnosis saves money, because servicing is normally labour-intensive and because rising fuel costs are pushing up the expense of using vehicles. Similar techniques are being used in other industries, for example the telephone industry.

STOP PRESS

Another new distributor

This week Digital announced the appointment of an eighth British distributor:

Arhat (UK) Ltd.
160, Queen Victoria Street.
London EC4V 4DA.
Tel: 01-248 6499
Telex: 8811588.

Arhat specialises in banking systems, with telex switching.

Full list of Digital offices and distributors, Page 2

Our prize —8 bright engineers

THERE IS a world shortage of qualified computer engineers, because of the rapid growth of the industry. This state of affairs prompted Digital to sponsor courses at polytechnics, colleges and universities in Britain, Europe and the United States.

This year Digital has been a major sponsor of the new Higher Diploma in Computer Technology course at the Polytechnic of Central London.

Digital provided one of its most up-to-date computers, a PDP 11/34, and assistance with tuition.

★

We are happy to say that 20 students graduated this summer, and were awarded their diplomas.

Digital sponsored nine of the students for two years of full-time study, starting from 1979. In the summer of 1980 they were stationed at the Digital plant at Galway, in the Republic of Ireland for practical experience.

Eight accepted invitations to join Digital after graduating.

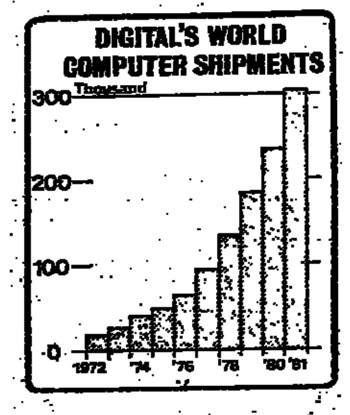
"All are doing extremely well, and we are delighted with their progress," said Terry Hookway, Digital's Training Consultant. "They are based in London and Basingstoke."

DIGITAL COMMENT

A philosophy of success

by Decius

IT MAY appear to be a paradox, but one major reason for Digital's significant growth over the last 20 years is that the company's priority has not been growth itself, but quality. Its philosophy has been that if quality was pursued in company products and in relationships with customers, growth would follow naturally.



Digital has also always shown boldness in choosing the products it markets. It has never tended to do what other companies have already done, but rather to provide something new or better through its products. The fact that its people are given freedom to operate, develop, and innovate has also made an important contribution to Digital's growth around the world.

Indeed, its awareness of the vast scope for improvement in its chosen field, a vastly expanding one, is the very incentive it needs.

Digital employs 60,000 around the world, all in the computer business. It has always attempted to do only those things it thinks it can do well, and only in those areas in which it feels it can make a real contribution.

Even in the field of what is generally known as computing there are areas which Digital has chosen not to enter. First, because Digital does not want to thin its resources. Secondly because there are often areas where Digital has nothing new or better to offer.

Initially it concentrated on hardware and relied heavily on the ability of customers to provide the levels of expertise needed to adapt hardware tools so that they became solutions to the users' problems.

Software has become more and more important as the use of computers has become more and more specialised. This is particularly true of networking, and in a relatively short time Digital achieved leadership in these areas.

Digital purposely set out to cover people's needs from low-end to high-end. Its resulting large number of products, sometimes seen by others as a weakness, is in fact a strength.

Challenge

The challenge is not to make a field of products but to clarify the world's understanding of the differences between those products.

Digital is very conservative in its finances. It has never paid a dividend — it prefers needs its earnings to finance its planned 25 per cent growth a year. You can hardly be more conservative than that. Yet its share price increases and increases, and it can even go to the market to raise $200m more money — by selling new stock. For, traditionally, Digital has been unwilling to go into debt.

Confidence in managing Digital's business through periods of economic change is based on confidence in the quality of its products and confidence in its ability to deal with customers so that they share their expectations, enabling the company to plan reasonably well.

The fact that its products are used as efficiency tools by customers to fight off the effects of recession also helps us to maintain our equilibrium through economic slowdowns. During these periods Digital has traditionally continued to build plant capacity, and continued to bring out products.

People who work for Digital know that, having successfully managed its way through a couple of recessions, they need not become anxious about their future. Permanence and stability have been the objectives rather than sudden and dramatic increases. The company's growth curve over 20 years has been extremely stable. Customers and employees feel they are dealing with a company that is going to be around for a long time.

Quality

The fact that Digital has frequently had an orders backlog is surely due to the quality of its products. The customers appear to believe that the products are worth waiting for. From a business point of view it is better to have a demand which is greater than supply than it is to have overflowing warehouses, idle factories, and idle workers.

Digital works hard to make better products than its competitors and to service its customers better; to ensure that its people are technically very competent; and to provide efficient back-up.

The company has always done well in Britain and the rest of Western Europe because it gave most of the responsibility for planning to Europeans. They get the credit for the good things—and the blame for the bad. Consequently Europe accounts for about a third of Digital's business—and the prospects are there for increasing that figure.

There are many reasons for the success story of Digital. To summarise them, they are: its phenomenal growth, its policy of no acquisitions, its financing approach (leaving dividends until the day after tomorrow to make sure of a better, bigger company tomorrow), its style of management, its partnership with its employees (assisted through its stock purchase plan) its AAA rating from Standards and Poors, its consistent profitability, and its ability to control expenses and costs. Several ingredients, combined to make a recipe that really works.

UK COMPANY NEWS

Smith & Nephew rises to £20.07m for 40 weeks

A RISE of 20.4 per cent in pre-tax profits was shown by Smith and Nephew Associated Companies for the 40 weeks to October 10 1981. The taxable result rose from £16.68m to £20.07m on external sales higher at £193.99m against £165.02m previously.

Sales for the comparative 40 weeks have been reduced by £12.6m to exclude sales from discontinued activities from the date the directors decided to discontinue them. Profits reported in 1980 have already been stated on this basis.

At the 24 weeks stage the company showed pre-tax profits of £13.03m (£11.05m) on sales of £113.28m (£102.07m).

The directors have announced that the Iridon and Drelco companies have been sold to Mardon Packaging International for £1.6m. They explain that this business is of a different nature from the company's other activities in the plastic industry. They add that there will be no significant change in company profits as the interest income on the consideration will equate to the operating profit.

The company manufactures surgical, medical, and sanitary products, textiles and clothing toiletries, and plastics.

Interest took £4.93m compared with £4.98m. Associated companies contributed £4.15m against £3.03m before. After tax of £6.2m, compared with £4.56m and minorities of £15,000 (£35,000) attributable profits were ahead from £12.08m to £13.86m.

Earnings per share are stated at 6.78p, against 6.09p last time.

● comment

Third quarter profits of Smith and Nephew advanced 25 per cent against a flat comparative period. The medical and health care products division produced most of the growth, led by exports and overseas sales and a strong reception for the new products, Opsite and Flamazine. Group profits are also boosted by a £0.2m gain from the net impact of favourable currency movements, higher dollar borrowing costs and higher pulp prices. British Tissue was only slightly ahead but the other associates all did better than expected. Against a strong fourth quarter last time, S&N is unlikely to maintain the recent high growth rate but full year pre-tax profit should exceed £28m compared to £24.3m. The shares of this reliable performer have long had a premium rating and at 98p, down 1.5p, the prospective fully taxed p/e is nearly 15. Assuming a 12½ per cent increase in the final dividend, the prospective yield is 5.7 per cent.

NELSON DAVID

The results of Nelson David for the year to March 31 1981, are not expected to be available until January 1982. The delay has been caused by a reorganisation, now complete, of central administration. It proposed that an AGM be called for December 31 and adjourned.

Bass finishes year £20m up at £133m

INCLUDING RESULTS from Coral Leisure Group since its acquisition last December, taxable profits of Bass, the brewing and leisure concern, expanded from £113.5m to £133.2m for the year ended September 30 1981. At midway profits were just ahead at £51.1m against £50.1m.

Sales surged from £1.26bn to £1.71bn and were split between brewing and drinks, £1.33bn (£1.18bn) and leisure, £380.9m (£78.8m).

The dividend is stepped up to 9.46p (8.6p) net per 25p share, with a final distribution of 6.93p (6.3p), from earnings of 31.4p (27.2p).

Mr Derek Palmar, chairman, says the effect of the recession, continued high level of inflation, the below average summer and excessive excise duty increases, all combined to create a climate in which the fall in beer sales for the industry as a whole, was the worst for over 30 years.

"Bass did somewhat better than the average for the industry," he points out.

Trading in the current year is still seriously affected by the economic recession, he says, but the group is determined to keep rising costs under control.

Mr Palmer says that directors have continued their policy of investing group cash flow, and new shares have been issued to the value of £82.5m, for the Coral Leisure acquisition. And they have used a further £27m of borrowing facilities towards capital investment, he adds.

In the current year directors have authorised capital expenditure amounting to £145m.

Commenting on the Coral acquisition the directors point out that a discount of £8.1m has been credited to reserves and represents the difference between the purchase consideration and the value ascribed to the assets and liabilities of the business retained.

They say it is not possible to identify the results of these retained businesses and subsidiaries separately as certain major activities have been fully integrated with those of Bass during the period.

Trading profit for the year, struck after depreciation of £49.6m (£37m), was £153.4m (£132.5m)—brewing £128.7m (£122.3m) and leisure £24.7m (£10.2m)—with interest charges taking £20.2m against £19m.

The available balance came ou tat £97.8m (£75.9m) after tax of £35m (£36.6m), minorities and preference payments, of which the dividend will absorb £30.3m compared with £24m.

Tax figure was down primarily because of stock relief amounting to £7.8m (£2.8m clawback).

Fudns employed at September 30 were £1.25bn (£1.07bn) and liquid funds were up by £2.1m after increased net borrowings of £27m.

On a CCA basis the pre-tax figure is reduced to £100m (£77m) and earnings per share are shown as 20.9p (14.3p).

SEE LEX

Mitchell Somers continues recovery

THE PROCESS of rehabilitation seen in the second half of last year continued at Mitchell Somers and for the six months ended October 3 1981 this engineer and forgemaster turned in taxable profits of £854,000, compared with losses of £127,000 previously.

The directors, who are confident this process will continue for the rest of the year, also put the company back on the interim list with a 1.5p net distribution—last year a 1p final only was paid from pre-tax profits of £468,000 (£2.21m).

Turnover for the first half expanded from £13.84m to £16.22m and the pre-tax figure was after interest of £273,000 against £369,000. Tax charge took £44,000 (nil) leaving net profits of £810,000 (£127,000 losses).

Last year's deficit was increased by an extraordinary debit amounting to £330,000.

Linfood on target at halfway

IN LINE with forecasts, taxable profits of Linfood Holdings improved to £5.57m for the 28 weeks ended November 1981, against £4.54m, and the interim dividend is increased from 3.5p to 5p net per 25p share.

In their defence document, against the now lapsed Argyll Foods offer, the directors of this retail, wholesale, cash and carry distribution concern forecast pre-tax profits of about £11.6m for the current year with a figure of not less than £5.5m coming in the first half. They also expected to pay a total dividend of 12p (10p).

The directors explain that the profit improvement stemmed principally from an across the board reduction in costs and a strong performance from the group's Dee Discount Stores.

Sales for the 28 weeks increased only marginally, from £547.4m to £548.9m. Delivered wholesale revenues which fell by nearly 10 per cent, as planned, were offset by increased retail sales.

Cash and carry sales also increased marginally, the directors state.

Pre-tax figure was struck after interest charges totalling £1.56m (£2.06m) and subject to tax of £1.18m, compared with £729,000.

After minority interests of £120,000 (£115,000), and an extraordinary debit of £338,000 (nil)—the estimated full cost of successfully countering the Argyll bid—the attributable balance came out at £3.93m, against £3.7m.

After the interim dividend cost of £2.23m (£1.55m), the retained figure was £1.71m (£2.15m). Earnings per share are given as 8.9p (8.6p).

On a CCA basis the pre-tax profit for the first half is reduced to £4.08m.

International Timber picks up

DRASTIC ACTION to reduce costs at International Timber has resulted in a pre-tax profit of £1.54m for the half year to September 30, 1981. This compares with £1.95m for the same period of 1980, but represents an improvement on the previous six months' loss of £0.84m.

Mr Ronald Groves, the chairman, says the mid-term profit, while well below normally acceptable levels, is considered satisfactory in present circumstances.

No material improvement in trading conditions is anticipated during the second six months and, if winter conditions are not unduly harsh, by continued strict control of working capital and costs, the group expects to repeat the first-half performance.

External sales amounted to £92.61m (£99.02m and £89.81m for first and second halves of 1980-81 respectively). With pressure on margins, trading profits dropped from £3.38m last time to £1.96m, before a surplus of £680,000 (£679,000) on sales of properties and investments and interest charges of £1.1m (£2.1m).

After tax of £247,000 this time, stated earnings per share were down by 2.3p to 4.5p. The interim dividend is again 2p net, costing £576,000 (same)—last year's total was 4p on £1.11m taxable profits.

● comment

Devastation in the timber trade over the last year has begun to generate some pretty extravagant calculations of its recovery potential. Any whiff of recovery in demand, and high operational gearing is supposed to send profits shooting up, particularly when balance sheets have been tightened up, and marginal activities pruned. International Timber has made more headway than most in this trimming process. The impact on its first half figures is a pleasing turnround from the half-year loss than was reported in June. Margins are far tighter than they were a year ago, but the mere 3.4 per cent recovery in sales was enough to bring interim trading profits up to £2m against a second-half deficit of £0.4m. In the current year, however, there is probably not much additional volume to go for; International's consequent reluctance to take positions in softwood markets has reduced its financing needs to half the 1980 level, giving a significant boost to the pre-tax. But it takes a lot of optimism to lever the full-year profit much above £3m, suggesting a fully-taxed p/e of almost 17. The shares fell 1p to 86p, with an historic yield of just under 7 per cent.

Sekers back with modest swing to profit

A swing back into profits is reported by Sekers International furnishing and upholstery fabrics, for the six months to September 30, 1981. The pre-tax figure is £8,000 compared with losses of £69,000. External sales were slightly lower at £5.64m against £5.72m. The interim dividend is 0.2p—last year only a 0.1p final was paid.

Trading profits improved from £187,000 to £263,000, which includes compensation received for the stock damaged by storms and estimated consequential loss on the insurance claim.

Interest payable was £255,000 (£256,000). There was an extraordinary credit of £140,000 (£300,000 debit), leaving attributable profits at £148,000 (£369,000 losses). The extraordinary item comprises profit on the sale of land. Stated earnings per 10p share are 0.08p (0.7p losses) before extraordinary items, and 1.51p (3.77p losses) after.

The David Evans and Vanners Silks fabric operations substantially improved their contributions in the first half. Present order books are good, particularly for the U.S., where the sales operation has been reorganised.

The dress fabrics operation is not yet profitable and a further reduction in its operations is taking place.

£1.3m loss by John Williams

FOR THE year ended September 30 1981 John Williams of Cardiff, the steel stockholding, agricultural products and foundries group, has turned in a pre-tax loss of £1.27m, compared with £0.67m profits last time. Interest charges of £0.65m account for half of the deficit.

At the interim stage, the group reported a loss before tax of £681,000 (£325,000 profit) and warned that the full year's result would be disappointing.

Stated full-year loss per 25p share was 15.76p (6.57p earnings) and the final dividend is being reduced from 1.75p to 0.5p for a total of 1p (2.85p) net.

The pre-tax loss was before a tax credit of £79,053 (£78,575 charge) and a minorities credit of £98,119 (£130,301 debit).

The board says the group's balance sheet remains sound *but a great deal of work lies* ahead as it seeks to restore the group's performance to an acceptable level of profitability.

On a current cost basis, there was an attributable loss of £1.49m.

● comment

John Williams experienced a year of unrelieved gloom with turnover down 22 per cent. The Foundry division returned a trading loss of £251,000 against a trading profit last year of £775,000. It was a three year modernisation programme in this division that accounts for the interest charge of £647,000. Despite this, the company was unable to cut costs in line with the slump in volume. The Steel Service division is largely involved with the commercial vehicles market. The collapse in demand has caught up with the company and last year's trading profit of £412,000 has been followed by a trading loss of £410,000. Only the Architectural division reported profits, of £40,000, a drop of 72 per cent. The flatness of the house buying market and of local authority building is blamed. There is now short-time working in all divisions, but there have been no redundancies or property disposals. Having announced an interim dividend increase of 10 per cent only last year, this year's dividend is 65 per cent down on last year. The share price fell to a six-year low of 17p, giving a yield of over 8½ per cent. The market capitalisation stands at about £1.14m.

British and American Film holds interim

Holding company pre-tax profits of British and American Film Holdings declined from £139,000 to £110,961 for the first half of 1981 but the net interim dividend is being held at 1p—last year's final was 1.875p.

Stated half-year earnings per 5p share emerged at 2.583p, compared with 3.011p, after tax of £38,617, against £54,687.

Maurice James static but resumes interim payments

THE resumption of an interim dividend is being made by Maurice James Industries, industrial investment company, for the six months to June 30 1981. The payment is 0.5p and is the first interim dividend paid by the group since 1979. Last year's single payment was 1p.

Pre-tax figures remained little changed at £242,000 (£238,000), but turnover improved from £3.25m to £3.89m.

Mr L. M. James, the chairman, says overall profits for the first half are considered to be very satisfactory especially in view of the higher interest charges arising from the repayment of capital to shareholders in 1980.

He says trading losses which have arisen in the engineering subsidiary of Joshua Bigwood and Sons, together with the higher interest charges, are bound to adversely affect the result for the year as a whole. But, subject to the anticipated profitable completion of certain engineering contracts, it is expected that profit for the second half will be maintained at a similar level to the first six months.

The board is to continue to explore ways and means of improving the market rating of the company and consider that some rationalisation may be desirable and in particular, greater attention devoted to expansion of the waste disposal division.

As a first step in rationalising the diverse activities of the group, negotiations are at an advanced stage for the sale of certain interests.

The first-half pre-tax figure was struck after associate's profits up from £3,000 to £34,000.

Tax was little changed at £126,000 (£124,000). Attributable profits were down from £248,000 to £118,000 after minority credits of £2,000 (£1,000 debits). There was an extraordinary credit last time of £135,000. Stated earnings per 10p share were 0.9p (0.8p).

Tranwood hits £85,000 at six months

With interim pre-tax profits sharply ahead from £11,000 to £85,000 the chairman of Tranwood Group expects an improvement for the full year.

However, the chairman sounds a note of caution for this hosiery manufacturer. Higher petrol costs, cheap imports from Eire, Italy and Israel, and lower consumer spending, have made second half trading conditions more difficult.

Economies in distribution, coupled with the increased efficiency of the new hosiery equipment at the Bearbrand factory, resulted in improved margins. Sales moved ahead from £2.82m to £2.94m for the half-year to July 31 1981.

After tax of £34,000 compared with £6,000, minority interests of £26,000 (£2,000), attributable profits were up from £3,000 to £25,000.

Basic earnings per share were stated higher at 0.29p (0.03p) and fully diluted at 0.33p (0.03p).

Bankers' Invst shows slight decline

Pre-tax profits of the Bankers' Investment Trust were down from £1.2m to £1.13m in the half-year to October 31 1981. The second interim dividend is raised from 0.6p to 0.65p

Net asset value per 25p share is down from 107.9p to 96.8p.

Gross income for the six months was £1.25m with £1.3m. Tax was lower at £385,415 (£416,650).

Construction Holdings shows little change

Pre-tax revenue of Construction Holdings, an investment trust, was little changed at £192,968 for the year to September 30, 1981, compared with £193,140 last time.

After tax of £66,392 (£64,074) the net balance came through at £126,576, against £129,066. Stated earnings per 20p share slipped from 13.6p to 13.3p, while a final dividend of 7p maintains the net total at 12.6p.

Net asset value per share was unchanged at 209p.

The figures do not include an exceptional charge of £11,775 (£31,888 credit). This being expenses of £21,686 incurred in successfully resisting the bid from Fulcrum Investment Trust, less further profits of £9,911 arising from the closure of the former operating subsidiary.

Cray Electronic's rises and pays more at midyear

FIRST-HALF pre-tax profits of Cray Electronics, precision engineer, advanced from £345,000 to £386,000 despite turnover declining marginally to £9.01m, compared with £9.8m.

Mr B. A. Solomon, the chairman, points out that operating margins for the period, to October 31 1981, were significantly higher due to a concentration on the group's growing high technology interests and the management's decision to withdraw substantially from low margin contracting.

He says liquidity has continued to improve since the year end and the group, which is 61.33 per cent owned by Capital for Industry, is excellently placed to take advantage of any improvement *in the economy.*

The net interim dividend is being increased from 0.63p to 0.725p, reflecting the directors' confidence in the future, and a one-for-one scrip issue is also proposed. For 1980-81 a final of 1.62p was paid from taxable profits of £1.03m. Mr Solomon says it is the intention of the directors to operate a policy of dividend growth.

Tax for the half year took £201,000 (£179,000) leaving profits at the attributable level at £185,000 (£166,000).

Stated earnings per 10p share improved from 1.49p to 1.65p.

Current cost accounting reduces taxable profits to £221,000.

The accounts for the full year to May 1 1982 will include a transfer from deferred tax of £713,000 in respect of previous years' stock relief now released.

NORTHERN FOODS

Acceptances have been received in respect of 89 per cent of the 33.9m shares of Northern Foods offered in a one-for-five rights issue at 126p. The balance has been sold in the market.

BIDS AND DEALS

LONDON TRADED OPTIONS

Dec. 8 Total Contracts 844. Calls 683. Puts 161

Option	Exercise price	Jan. Closing offer	Vol.	April Closing offer	Vol.	July Closing offer	Vol.	Equity close
BP (c)	280	54	—	62	5	—	—	326p
BP (c)	300	34	5	46	—	60	—	"
BP (c)	320	21	7	—	—	—	—	"
BP (c)	350	8	4	—	—	—	—	"
BP (c)	360	—		16	1	24		"
BP (p)	260	3	—	6	2	—		"
BP (p)	300	6	—	13	2	19	—	"
BP (p)	330	—		24	2	30	—	"
CU (c)	140	6	15	11	—	15	2	129p
CU (c)	160	2½	11	5	—			"
Cons. Gld (c)	460	50	—	65	1	85	—	499p
Cons. Gld (c)	500	25	2	43	6	65	2	"
Cons. Gld (c)	550	6	2	20	—	28	—	"
Cons. Gld (p)	420	2	3	4	—	—	—	"
Cons. Gld (p)	460	8	40	12	—	20	15	"
Cons. Gld (p)	500	23	—	33	1	45	—	"
Ctlds. (c)	50	27	1	31	—	32	—	75p
Ctlds. (c)	60	17	1	21	2	23	2	"
Ctlds. (c)	70	8	22	13	24	15	—	"
Ctlds. (c)	80	3	50	6	17	9	—	"
GEC (c)	750	47	6	70	10	93	—	784p
GEC (c)	800	20	1	40	13	55	—	"
GEC (p)	700	7	—	14	5	17	—	"
GEC (p)	800	35	8	47	5	50	—	"
Gr'd Met. (c)	140	46	—	52	—	56	1	182p
Gr'd Met. (c)	160	28	1	34	—	40	—	"
Gr'd Met. (c)	180	11	—	17	7	27	—	"
Gr'd Met. (c)	200	4	7	9	7	17	—	"
Gr'd Met. (p)	140	2	1	5	—	6	—	"
Gr'd Met. (p)	130	11	10	19	—	21	—	"
ICI (c)	280	20	6	30	1	38	—	288p
ICI (c)	300	9	50	17	—	28	—	"
ICI (p)	300	20	15	26	—	30	—	"
Mks. & Sp. (c)	130	7	5	12½	2	17	—	128p
Mks. & Sp. (c)	140	3	2	7	—	—		"
Shell (c)	390	25		38	1	50	—	406p
Shell (c)	420	8		20	3	30	—	"
		February		May		August		
Barclays (c)	460	20	3	30		45		448p
Imperial (c)	50	22½		23	5	24½		71p
Imperial (c)	60	13½		14	7	15		"
Imperial (c)	70	6	30	7	75	10½	1	"
Lasmo (c)	550	12	5	30	5	—		449p
Lasmo (c)	600	7		12	6			"
Lonrho (c)	80	7	6	9	5	10½	—	80p
Lonrho (c)	90	4	25	5	48	7		"
Lonrho (c)	100	1½	8	—				"
Lonrho (p)	90	12	5	15	—	16	—	"
P & O (c)	90	33	35	37	—	—	—	121p
P & O (c)	110	16	—	21	1	—	—	"
Racal (c)	360	68		83	40			413p
Racal (c)	390	45	39	60	—	72	1	"
Racal (c)	420	25	14	40	—	55	2	"
Racal (p)	360	8	3	17	—		—	"
Racal (p)	390	15	20	25	—	33	—	"
Racal (p)	420	27	7	38	—	45	3	"
Racal (p)	460	55	10	62	—	—	—	"
RTZ (c)	460	46	1	62	—	75	—	469p
RTZ (c)	500	28	20	42		55	—	"
RTZ (c)	600	8	1	15	—	—	—	"
Vaal Rfs. (c)	70	4	5	5½	—	6¼	—	$67
Vaal Rfs. (p)	60	3	5	5	—	8¼	—	"

C=Call P=Put

Battle lines drawn for Lonrho decision

THE Monopolies and Mergers Commission report on a proposed takeover by Lonrho, the international trading conglomerate, of House of Fraser, *the Harrods stores group, will* be published today.

On the London stock market House of Fraser shares rose 1p to 156p, while Lonrho's shares were unchanged at 80p.

Battle lines were being drawn between the two parties in the event of Lonrho receiving a clearance by the Commission and the Secretary of State for Trade.

Mr Roland "Tiny" Rowland, Lonrho's chief executive, said yesterday: "My gut feeling is *that we will be given total* clearance. There is no reason *why we should not be given a* total clearance. One or two *people may be criticised in the* report. I don't think it will be me."

Speculation about the likely outcome has varied widely since the Commission completed its study after nine month's investigation. Originally it was expected that Lonrho would be *given conditional clearance.* Then it was suggested that the *bid might be blocked now, but* provided Lonrho fulfilled certain conditions, it would be allowed to bid again in the future.

Other more recent speculation *suggested that the bid would* be blocked completely for being *against the public interest.*

Earlier this year Lonrho and *House of Fraser* clashed in one of the most bitter takeover bid battles that the City had seen in years. The bid, which valued House of Fraser at £226m, was rejected as "totally unacceptable."

Lonrho's *pre-bid campaign* triggered a boardroom split *between Sir Hugh Fraser,* the then chairman, and his fellow directors. Sir Hugh was ousted from the chair by Professor Roland Smith, the £50,000-a-year part-time chairman brought in by Fraser's merchant bank, S. G. Warburg.

Immediately after Sir Hugh was *removed from* the chair Lonrho mounted its bid.

House of Fraser shareholders are expected to be advised to take no action on the publication of the report from the Commission.

Lonrho is the *stores* group's largest shareholding with 29.99 per cent of the equity. *Trusts of* the Fraser family hold about 4.5 per cent and the Lonrho camp reckons it can rely on their support in any future campaign. Institutional shareholders are believed to hold about 38 per cent of the Fraser equity.

Eric Morley cuts holding in Belhaven

Mr Eric Morley has privately disposed of 300,000 shares in Belhaven Brewery Group, leaving his personal holding in the *company at 370,000.* Mr Morley said the disposal was in order *to reduce his personal indebtedness* incurred at the time he exercised his option to subscribe for shares last May.

He added that hopefully he would be able to purchase shares *in the company when interest* rates fell.

The shares fell 3p to 19p yesterday.

FFI (UK FINANCE) DECTRADE

FFI (UK Finance) has acquired 2,250 *cumulative convertible* participating preferred ordinary shares and 1,000 non-redeemable participating preference shares in Dectrade, the consideration being £56,000 satisfied as to £6.19m in cash and an issue of £58,605 (nominal) 11 per cent unsecured loan stock 1988.

Foreign buyer builds up share stake in London & Overseas

INDONESIAN businessman Mr Faisol Hashim was yesterday revealed as the holder of a 17.23 per cent *shareholding in London* and Overseas Freighters, the *tramp ship owner and operator.* This follows an unsuccessful "*raid*" *on the company's shares* in the London Stock Market.

Bone Fitzgerald, stockbrokers, went into the market and bought 2.09m shares (3.7 per cent at just over 50p). They were bought for Leane Investment Corporation of Panama City and associates, on behalf of Mr Hashim, and took the holding up to 9.69m shares. It is understood that the buying order was for up to 5 per cent of Lofs shares.

Mr Christopher Bone, of Bone Fitzgerald, said yesterday that he was "unable to say what Mr *Hashim's aspirations are with* regard to his group's holding in *Lofs.*" *Asked about any further* increase in Mr Hashim's holding, *Mr Bone said that there* were "no immediate buying *plans.*"

On the London Stock Market yesterday the Lofs shares gained a further 9½p to 50½p—this follows a rise of 7p to 41p on Monday. At the current price *the Leane holding is valued* at £4.9m and the entire company at *£28.4m.*

Mr Manuel Kilukundis, chair*man of Lofs,* said that he had noticed a build up of shares over the past few months, but the group had received no bid approaches.

The chairman said that the price "is substantially below the break up value of the company and shareholders should not sell." He said that the price has "no regard to the potential of the company. The shipping situation is bad at the moment and if a bid follows, *it will be an* exercise in acquiring our assets *very cheaply.*"

The chairman said that he had *had no contact with the buyers.* "If they want to be contacted, *we will be happy to meet them.*" But, he added, "their behaviour *does not indicate they want to* be the best of friends with us."

The company reported pre-tax profits of £1.34m (£561,000) for *the six months to September 30* 1981 but this included currency gains of £2.18m. For the year to March 31 1980 the group made a *pre-tax loss of £127,000.*

Bid talks continuing at City Offices

Since the announcement of the bid by Greycoat Estates for the City Offices Company on November 17 *the directors of Greycoat* have initiated discussions with *the board of City Offices with a* view to establishing, if possible, *a basis for an agreement* and these discussions are continuing, Mr G. E. F. North, the chairman of City Offices, says in a letter to shareholders.

The letter explains that the directors are confident of the quality of City Offices portfolio of properties and of the prospects for the future growth and development of City Offices' business and it is too early to state yet whether agreement with Greycoat is likely to be reached. A full revaluation of City Offices' properties has been commissioned and should be completed shortly.

The chairman says he will be *writing with the directors' views* on the offer in good time for *holders to make up their minds* what to do. Meanwhile, they *strongly recommend to take no* action on the offer.

Elliott Gp. considers Jenks detailed terms

THE DIRECTORS of Elliott *Group of Peterborough, which* is resisting a takeover bid from Jenks and Cattell, the Wolverhampton-based manufacturer of garden tools, have told shareholders that they are carefully considering the detailed terms of the offer from Jenks and will make an announcement as soon as possible. In the meantime, shareholders are advised to "*take no action.*"

The building and joinery group said yesterday that the results for the first six months of the year show an encouraging reversal of the trend experienced in the previous year and reflect the action which has been taken to rationalise its activities. Pre-tax profits for the period to September 30 1981 *totalled* £144,000, compared with a loss *of £188,000.*

Group borrowings have been *further* reduced and at September 30 amounted to £1.2m, which represent 20.7 per cent of shareholders' funds without taking into account the surplus over book value arising from the revaluation of group pro*perties.* This compares with a figure of 59.3 per cent at March 28 1981.

An interim dividend of 0.50p per ordinary share (1980—nil) *is being paid to shareholders* registered on January 7 1982.

	6 months 1981 £000	1980 £000
Turnover	8,166	9,694
Operating profit	300	226
Interest paid	156	414
Profit before tax	144	*188
Taxation	—	—
Net profit	144	*188
Extraord. credit	244	†60
Attributable profits	388	*248
Pref. dividend	1	1
Ord. dividend	66	—
Retained profit	321	*249

* Loss. † Debit.

GRANT BROS SELLS ROFFEY CLARK

On December 4, Grant Bros. *contracted for the sale of the* freehold site at Croydon, and its connected premises, which presently comprise Grants' bookselling, records, art materials and stationery department, trading under the name of Roffey and Clark.

The consideration of £985,000 is payable in full by December 31. At January 31 1981 the properties had a book value of £465,000.

Grants has now entered into a separate agreement, conditional on prior completion of the sale of the properties, to sell the stock and current orders of Roffey and Clark together with right to use that name, *for a sum equal to the cost price of the stocks to be sold.*

This is provided that the maximum price does not exceed £140,000 and the minimum price does not *fall below £115,000.*

Discussions which might lead *to an offer for the company* are still in progress and the board will make a further announcement as soon as possible.

Kintyre Tea Estates £5m acquisitions

Conditional agreements have been exchanged for the acquisition by Kintyre Tea Estates of Owners Abroad *(OA) for* £2.4m, and of Owners Abroad Wholesale *(OAW) for £2.6m.*

Consideration will be satisfied by the issue of 2·4m and 26m, respectively, of fully paid Kintyre ordinary shares.

Permission has been granted by the Takeover Panel to waive the requirement for a formal cash offer to be made to existing shareholders following completion.

Following the acquisitions, *application will be made for a* USM listing for the Kintyre shares.

GUINNESS PEAT CHAIRMAN ON TELERATE DEAL

Mr Edmund Dell, chairman of the Guinness Peat Group, said *that the group's investment in* the Telerate deal in America was *as significant for the group as the* merger between Guinness Mahon *and Lewis and Peat in 1973.*

Mr Dell was answering a ques*tion from a shareholder at the* extraordinary general meeting *called to approve the group's* investment in NAP Holding USA *Inc., which has acquired a 89.6* per cent stake in Telerate.

Mr Dell said that it was the group's policy to concentrate in *those areas where it had* particular financial expertise and *the Telerate deal was the most* important example.

He said that the losses at the Chicago commodity operation *were "manageable" for the* group but would have an affect *on the group's profit and loss* account.

Shareholders approved the investment in NAP Holding USA *and the disposal of the stake in* Linfood Holdings.

BRIESS OFFER FOR MODERN HEALTH

Modern Health Products, a Chessington-based company, has received an offer from Briess Holdings for the entire share capital of the company. The directors have recommended this offer for acceptance by the shareholders. The offer has come following the death of Mr Jack Barratt, the managing director of Modern Health.

Mrs Rosemary Clarke and Mr Bob Errington will remain on the board and, after completion, will *be joined by Mr Peter Briess as* managing director, Mr Peter Rule, *as sales director, and Mr Stephen* A. Rayner.

SALE TILNEY

Sale Tilney and Company has exercised its option to purchase the remaining 49 per cent of the issued share capital of James Marshall (Glasgow), which it does not already own, pursuant to an agreement dated January 5, 1979 with the minority shareholders.

The consideration will be *£206,780 satisfied as to the allotment* credited as fully paid of 89,598 *Sale Tilney ordinary shares* ranking pari passu with the existing shares, and for which application for listing has been made to the Council of the Stock Exchange and as to the balance of £45,504 in cash.

STERLING CREDIT

As part of the reorganisation *of the Sterling Credit Group,* a minority interest of 20 per cent *was acquired in Brianstar on* December 3 last.

The consideration was satisfied by the issue of 85,000 Sterling ordinary to Mr S. T. Morrison, director of Dewey Warren and Co., a Sterling subsidiary.

Brianstar carries on the business of insurance broking.

Mr Meyer to sell his 41.7% in Federated Land

MR J. H. P. MEYER, chairman and managing director of Federated Land has decided to *sell 1.6m shares (14.7 per cent)* from his total personal holding *of 1.95m shares.*

The shares retained by Mr Meyer, together with other family interests, will amount to some 15 per cent of the share capital. Mr Meyer has stated that it will be his intention to resign from the board of Federated Land in the near future to pursue private business interests abroad.

Share price of Federated Land *closed 2p down at 148p.*

It was announced in September that the company was *actively considering the sale of* Hempstead Valley shopping *centre. Negotiations for the dis*posal are at an advanced stage, *although no firm agreement has* yet been reached.

The board, however, anticipates a satisfactory outcome and *expects to reach full agreement* in the near future.

Mr Meyer has stated that he will not resign until he is satis*fied as to the continuity of* management necessary to run the *company. It is anticipated that* the shares being sold by Mr *Meyer will be placed with institu*tional investors.

KCA in Gulf link-up

KCA International, the oil finance house, together with its subsidiary Berry Wiggins, has formed a joint venture company with Yousef Ahmad Algosaibi Establishment to promote vehicle sales and servicing throughout Saudi Arabia.

The Algosaibis are one of Saudi Arabia's oldest established trading organisations, with a broad range of activities in most areas of industry and commerce.

Plans for the new company, Modern Vehicle Centre, in which *KCA will hold 40 per cent and* YAAE 60 per cent, were first dis*closed in June this year when a* joint letter of intent was signed.

Initially, operations will be based near Dhahran on the Gulf *coast, but future plans envisage a* rapid development of vehicle *sales and servicing with spare* parts support in key centres of *Saudi Arabia.*

Operational and management *expertise for the new company* will be provided by KCA's Bahraini-registered offshoot Middle East Car and Commercial *Vehicle Sales and Services.*

The venture, believed to be the *first of its kind in Saudi Arabia,* will form the basis for the deve*lopment of similar operations in* other Gulf states. Future joint *venture plans include the deve*lopment of land and offshore *drilling operations, oilfield* engineering, drilling fluids and *allied engineering services.*

Guy Butler enters venture in Singapore

Guy Butler, the London *money brokers, has joined with* Tan Swee Hee and Co Pte, a *Singapore money* broker, to set up a new company in Singapore which has been granted an international money broking licence by the Monetary Authority of Singapore. The new venture, in which Guy Butler will have a significant minority stake, will begin operating next month.

Guy Butler, which is owned by the Far Eastern controlled Sime Darby group, already has a joint venture in Kuala Lumpur, Amanah Butler Malaysia *Sdn Bhd, as well as an opera*tion in Hong Kong and an affiliate in Australia, MMD-Butler Group.

D. Macpherson buys Cords & Nordkemper

Donald Macpherson Group (DMG) has bought Cords and Nordkemper and its associated company, CONO Belgien, for DM 2.6m (about £600,000).

Cords and Nordkemper and CONO Belgien manufacture lacquers and stains for the furniture and woodfinishing industries. Total sales in 1980 for both companies were DM 8m.

This further step is part of DMG's declared strategy to develop a stronger position in specialist European industrial coatings markets.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Last	May Vol.	Last	Aug. Vol.	Last	Stock
GOLD C	$400	5	35 B	—	—	—	—	$419
GOLD C	$425	19	20.90 B	—	—	—	—	"
GOLD C	$450	10	11 B	20	16.50	—	—	"
GOLD C	$475	20	3.50	2	11	—	—	"
GOLD C	$500	2	3	—	—	—	—	"
GOLD P	$400	23	11.50	—	—	—	—	"
GOLD P	$425	15	21	3	26	—	—	"
GOLD P	$450	2	36 A	—	—	—	—	"
12¾ NL 81 87-91								
C	F.102.50	—	—	—	—	1	4.80	F.106.20
C	F.105	5	2.20	—	—	—	—	"
C	F.107.50	—	—	—	—	11	1.80	"
P	F.105	—	—	5	1.80	—	—	"
P	F.107.50	20	2	—	—	—	—	"
12 NL 81 85-88								
C	F.102.50	—	—	20	2.10	52	2.40	F.102
P	F.102.50	—	—	1	2.30	—	—	"
10¾ NL 80 86-95								
C	F.95	78	2.80	—	—	—	—	F.97.30
C	F.97.50	5	0.80	—	—	2	2.60	"
P	F.95	—	—	—	—	10	2	"
		Jan.		April		July		
AKZO C	F.22.50	45	1	—	—	—	—	F.22.70
AKZO C	F.25	15	0.40	105	1.20	55	1.60	"
HEIN C	F.45	17	2.50	9	3.80	100	5	F.46.30
HEIN C	F.50	7	0.50	20	1.10	10	2.50	"
HOOG C	F.15	15	1.30 B	10	2.40	—	—	F.15.50
HOOG C	F.17.50	15	0.50	63	1	21	1.60	"
HOOG P	F.15	—	—	10	0.90	—	—	"
IBM C	$60	—	—	10	⅞	—	—	$53⅝
KLM C	F.80	10	17	—	—	—	—	F95.50
KLM C	F.90	12	8.50	10	14 A	—	—	"
KLM C	F.100	106	3.80 A	27	9.60	—	—	"
KLM C	F.110	36	1.70	—	—	—	—	"
KLM C	F.120	115	0.90	15	3.70	—	—	"
KLM P	F.80	65	0.70	50	2	—	—	"
KLM P	F.90	58	3	39	4	—	—	"
KLM P	F.100	89	7.80 B	16	9 B	—	—	"
NEDL C	F.150	13	3	—	—	—	—	F.146
NEDL P	F.160	11	15	—	—	—	—	"
NATN C	F.115	—	—	12	3	—	—	F.113
NATN P	F.105	—	—	—	—	12	2.50	"
NATN P	F.110	7	1.50	—	—	—	—	"
PHIL C	F.20	148	0.50	110	1.30	152	1.60	F.19.70
PHIL C	F.22.50	27	0.10	130	0.60	136	0.80 A	"
PHIL C	F.25	26	0.10	11	0.20	—	—	"
PHIL P	F.20	45	1.40	135	1.50 B	10	1.80	"
RD C	F.70	11	20.50	—	—	—	—	F.80.40
RD C	F.80	87	11.20	20	13.60	—	—	"
RD C	F.90	169	3.50	64	7.30	11	8.30	"
RD C	F.100	123	0.90	55	3.30	—	—	"
RD P	F.80	21	0.30	43	2 B	—	—	"
RD P	F.90	189	3.20	34	4	—	—	"
UNIL C	F.150	5	4.30	—	—	—	—	F.151.20
UNIL P	F.160	15	10	—	—	—	—	"
		Feb.		May		Aug.		
MANN C	DM.150	10	14	—	—	—	—	DM160.20
MANN C	DM.160	10	8	—	—	—	—	"
VW C	DM.160	—	—	30	4	—	—	DM159.30

TOTAL VOLUME IN CONTRACTS: 5437

A=Asked B=Bid C=Call P=Put

Inco drops batteries, forecasts heavy loss

By Our Financial Staff

INCO, which provides about 30 per cent of the world's nickel, is to pull out of its automotive and flashlight battery businesses, which in 1974 formed its first major diversification from mining and metals.

The decision to sell marks a further step in Inco's retrenchment to its core Canadian operations, nickel mining and alloys.

The sale follows the decision last month to mothball its Guatemalan nickel mining operations after a one-year closure and the likely charge against earnings associated with it will, along with the US$220m write down on the Guatemalan venture, leave Inco with its first annual loss for 50 years.

Inco said it valued its battery operations, grouped under its U.S.-based Inco ElectroEnergy subsidiary, at US$460m. Since its acquisition the battery group, which includes the Exide brand name and Ray-O-Vac, has failed to achieve the market share hoped for when it was bought.

Last year it ran up a net loss of $15m on sales of $684m, which accounted for more than a fifth of total turnover of $3.04bn.

Inco said the proceeds from the sale of its battery operations would be put to reducing its debt as would the proceeds from ceasing activities in Guatemala, where activities are carried out through an 80 per cent-owned unit, Exmibal.

The Exmibal write-off exceeds expectations and represents Inco's valuation of its total investment in the operation. It covers all loans and advances made to Exmibal, provisions for the repayment of Exmibal's debt and a reserve for Inco's investment in its common shares.

After nine months Inco's profits were down from $183m to $40m, and with the Exmibal and battery write-downs there will be a hefty loss for the full year.

McLouth Steel files for bankruptcy after talks with lenders fail

BY IAN HARGREAVES IN NEW YORK

McLOUTH STEEL, the 10th largest U.S. steelmaker, yesterday filed for bankruptcy, having failed to reach a deal with its banks and institutional lenders on the rescheduling of $166m of debt.

McLouth, based in Detroit, said it had filed for protection under Chapter 11 of the bankruptcy code. This means the company will continue operations while working through the courts to satisfy creditors and produce a plan of re-organisation.

The normal procedure of Chapter 11 is for a company to identify saleable assets, which in the case of McLouth could include a road haulage subsidiary and a coke plant bought a year ago. If adequate asset sales are not available to satisfy creditors, the company will be liquidated.

McLouth, which incurred a $55m loss last year on sales of $614m, has been dragged down by its close connection to the motor industry, which is now ending its third year of slump conditions.

Although it is quite a modern company, using electric arc furnaces for the bulk of its steel production and continuously casting all its steel into semi-finished slabs, it has suffered recently because of the high cost of electricity in the Detroit area.

The company is the first large steel industry victim of the 1980-1981 recession and will no doubt be used as ammunition by the industry, which is arguing that it has been greatly damaged by the rapid increase recently in steel imports.

McLouth's main creditors are the Prudential Insurance Company of America, Metropolitan Life and a group of banks headed by the National Bank of Detroit.

90% of Marathon shares tendered to U.S. Steel

BY PAUL BETTS IN NEW YORK

U.S. STEEL said yesterday it had been tendered about 90 per cent of Marathon Oil's shares under its $6.4bn cash and note offer to take over the oil company.

With a favourable Federal Court decision lifting a temporary injunction on the large steelmaker's friendly takeover offer, U.S. Steel has now gained a strong lead over Mobil in the battle for Marathon.

Unless Mobil announces a new, higher offer in the next few days, U.S. Steel will be in a position to start buying Marathon shares at the weekend.

Mobil, which is currently offering $6.5bn in cash and notes for Marathon, said yesterday it planned to appeal against the latest ruling on the U.S. Steel offer. Mobil is charging that the U.S. Steel offer is illegal because of various "sweetheart" options granted by Marathon.

But Wall Street expects Mobil, which struck a deal with Amerada Hess on Monday to split Marathon's assets should Mobil win the contest, to come back with a higher bid.

Apart from possibly persuading Marathon shareholders to withdraw their shares from U.S. steel and tender them to Mobil, a new bid would delay U.S. Steel's offer by an additional five days. This would give Mobil additional time to attempt to clear the various legal obstacles still in the way of its bid.

Sweden to have first merchant bank group

By Alan Friedman and William Dullforce

SAMUEL MONTAGU, the London merchant bank, is to join forces with the Carnegie Investment Company, a Swedish brokerage house, to form Sweden's first merchant bank.

The Carnegie group, one of the most prominent securities houses in Sweden, said yesterday it hoped to compete negotiations with Samuel Montagu within a month. The new merchant bank, to be known as Carnegie-Montagu, wil be a 50-50 venture with a starting capital of around SKr 20m ($3.7m).

The Riksbank, Sweden's central bank, has been informed of the plan and has reacted favourably. There is at present no Swedish legislation on merchant banking. It has been suggested, however, that the laws appyling to brokerage houses could be adapted to the new bank.

Although Swedish brokerage houses already perform many of the functions of a merchant bank, the new joint venture is expected to develop a number of services for Swedish companies with overseas business. The new bank will concentrate a major part of its efforts on building up a corporate finance business.

The Carnegie Investment Company, which has a market capitalisation of around SKr 600m, has a broking business and an investment subsidiary.

Plans for the joint venture were first laid last summer when talks started between representatives of the two groups. The plan is believed to have been at the initiative of Mr Staffan Gadd, chief executive of Samuel Montagu. Mr Gadd, who joined Montagu in November 1980, served previously as managing director of Scandinavian Bank.

No let-up in Mexican borrowing

BY PETER MONTAGNON IN LONDON AND WILLIAM CHISLETT IN MEXICO CITY

"I FEEL like a python which has swallowed a monkey," said a senior U.S. banker last week in his office overlooking Mexico City's fashionable Paseo de la Reforma.

"At the moment it's a huge lump at the back of my neck and it'll have to work its way down to my tail before I begin to feel hungry again," he continued.

In language unusually colourful for a pin-striped Euromarketeer, he was describing his feeling of saturation with Mexico's apparently inexhaustible demand for foreign credit. This feeling is beginning to be shared by most other international banks, for Mexico's public sector has borrowed no less than $22bn abroad this year, a record for any single country.

Already in June, Mexico's total borrowing from international banks had overtaken that of Brazil. According to figures published by the Bank for International Settlements, its gross bank borrowings were $45bn compared with only $44bn for Brazil.

With a shortfall of some $7bn on oil and related export revenues this year caused by the decline in world oil prices and an unexpected extra bill of $3bn to cover interest charges on its foreign debt, Mexico has been taking up money wherever it can find it since about June. In the frantic rush for funds it picked up no less than $8bn in short-term debt alone, although some of this is counted twice, as the figure includes debt which has already been rolled over.

Next year borrowing will continue at an only slightly slower pace. Mexican officials do not dispute estimates by commercial banks that its gross requirements will be around $20bn in 1982.

But they prefer to concentrate on the net requirement which is currently estimated to be around $11bn, much less than the $14.9bn net raised this year.

MEXICAN PUBLIC SECTOR DEBT ($bn)

	End-1975	1976	1977	1978	1979	1980	1981
Total outstanding	14.5	19.6	22.9	26.3	29.8	33.8	48.7
Short-term debt	2.8	3.7	2.7	1.2	1.4	1.5	6–7*

* Estimated

For the time being funds are being raised at a cracking pace. A $500m loan package for the development bank, Nafinsa, at a margin of ⅝ per cent above Eurocurrency rates was barely out of the market before Mexico launched a new package in Deutsche Marks.

This time, the borrower is the United Mexican States itself, which is raising a credit of DM 400m through Deutsche Bank alongside the DM 100m, 11 per cent bond issue launched last week.

The four-year credit bears a margin of ½ per cent over London Euromark rates, but it can be extended at the option of the banks for a further four years. In that case, the borrower will pay a prolongation fee of an additional ⅛ per cent.

Most of Mexico's recent borrowing, however, has taken the form of unpublished short-term credits from international banks, often on extremely generous terms to lenders. Banks in Mexico City report being deluged by calls from Mexican state agencies asking for money at almost any price.

While some are beginning to complain of excess, others are rubbing their hands with glee at what they consider to be the chance to make some decent profits out of Mexico for once.

Mexico's enormous oil wealth—its proven reserves currently stand at 72bn barrels and are expected to be raised to around 100bn barrels before long—had made it so attractive as a borrower that margins on Mexican credits earlier this year were reduced to almost microscopic levels.

In January, Nafinsa even tried, albeit unsuccessfully, to raise a loan with a margin of only $\frac{5}{16}$ points over U.S. prime rate. Now, margins are creeping up and many commercial bankers see spreads on Mexican Eurocredits pushing over 1 per cent some time next year.

But even with its huge requirement, Mexico seems to recognise the limits of the syndicated credit market. This year, the public sector has raised only about $6bn in syndicated credits, rather less than the amounts raised through short-term borrowing.

In fact, Mexican borrowers made considerable efforts to diversify their sources of funds this year, raising money in the U.S. and UK bankers acceptance market as well as the U.S. commercial paper market. Besides the D-Mark bond market Mexico has also tapped the sterling "bulldog" sector and floated seven issues of dollar bonds or floating rate notes.

This effort of diversification will continue into 1982 according to Sr Angel Gurria, the Mexican Finance Ministry official in charge of co-ordinating foreign borrowing, but given the size of Mexico's requirements it seems likely that very large amounts will continue to be raised on a short-term basis.

Short-term borrowing, which now makes up some 13 to 14 per cent of Mexico's $48.7bn public sector foreign debt, is far from being seen as a last resort technique by Mexican officials themselves. It is effectively cheaper than medium-term borrowing and offers a greater degree of flexibility, they argue.

But there is no doubt that times have changed for Mexican borrowers, which at the start of the year were among the most sought after in the world. No one is rushing forward to fill the 1982 new money requirement of $11bn. In fact no one knows for sure who will be prepared to increase their exposure by that amount.

Until that question is answered, Mexico will remain a lenders' rather than a borrowers' market. The banks have indeed become like pythons—they have acquired the power to squeeze their borrowers and most seem determined to use it.

Eurodollar bond prices sag in slack trading

BY ALAN FRIEDMAN

INVESTORS continued to stay away from the Eurodollar bond market yesterday as prices were marked down between ¼ and ½ point. Volume was thin and traders reported a "jumpy" market as prices of seasoned issues bounced up and down. The six-month Eurodollar deposit rate stood at 13⅞ per cent last night, having gained ½ per cent this week.

The current state of the market was illustrated by last night's news from S. G. Warburg of a change in coupon on its $50m Western Mining deal. The seven-year bonds now carry a 15½ per cent coupon, against an indicated 15¼ per cent; issue price is 99⅛ to yield 15.68 per cent.

A C$50m seven-year issue has been launched for Union Carbide (Canada) through Wood Gundy. The bonds carry a 16 per cent coupon and are priced at par. This is the third Canadian dollar offering this week, following CIBC and Societe d'Habitation du Quebec.

In the D-mark foreign bond sector, activity was higher than on Monday but prices fell by as much as ½ point. Traders noted the weakening of the D-mark against the U.S. dollar and the lack of progress in the New York bond market as factors.

In the Swiss foreign bond market, a SwFr 30m Japanese convertible is out for Anritsu Electric. This is a five-year private placement through Swiss Bank Corporation. The bonds will carry a coupon of between 6 and 6¼ per cent.

● Morgan Guaranty Trust has announced the appointment of Mr Robert Gray, currently a vice-president of the bank's international financial management division, to succeed Ms Mary Gibbons as head of Eurocredit syndications based in London.

Mr Gray, who joined the bank in 1972, will take up his new position in January next year.

Asked about the future assignment of Ms Gibbons who has been head of syndications since 1977, the official said: "It is not our policy to discuss personnel movements." It was understood, however, that Ms Gibbons will remain a member of the bank's London office.

Deere lifts profit despite drop in sales

By Our New York Staff

DEERE AND CO., the large U.S. farm and industrial machinery company, yesterday reported a 23 per cent increase in fourth quarter earnings, despite a decrease in sales caused by very weak markets in Europe and North America.

Deere's net profits were $55.3m on sales of $1.43bn in the quarter, compared with $45.1m on sales of $1.45bn the year before, a quarter also affected by a slump in demand.

Mr William Hewitt, the chairman, said that the downturn in demand which began in 1980 had now become "one of the most serious declines in history," with large stocks of machinery held by dealers causing heavy price discounting.

But Deere, he said, had managed to come through these difficulties so far with improved margins because of the increased manufacturing efficiencies which had stemmed from heavy capital investment in recent years.

Recently, however, Deere announced delays in some capital programmes because of worsening markets, which have caused even bigger problems for two of Deere's main competitors, International Harvester and Massey-Ferguson.

Deere's current production schedules, Mr Hewitt said, were below the level of production for 1981. Margins would continue to be under pressure, he said. Deeres stocks, he added, were higher at the end of the fourth quarter than they were at the end of fiscal 1980, despite pruning in the quarter.

For the year, which ended in October, Deere reported net profits of $250m, a 10 per cent increase on 1980. Sales fell from $5.47bn to $5.45bn.

This improvement in margins was helped by an increase in foreign exchange gains of $61.8m, against a $10.7m gain in 1980.

For the year, worldwide farm equipment sales were up 4 per cent at $4.66bn. Industrial equipment sales fell by 20 per cent to $782m. North American sales were up by 2 per cent at $4.3bn and overseas sales were down by 9 per cent to $1.14bn.

U.S.-Finnish mill venture

By Our New York Correspondent

KYMI KYMMENE, the Finnish paper company, and Great Northern Nekoosa, the large U.S. paper producer, are to build jointly a $540m paper mill in Mississippi.

The mill, to be completed in 1984, will be able to turn out 1,000 tons of bleached kraft pulp per day. This pulp is the raw material for making high quality printing and writing paper.

The Finnish company, which is a minority partner in the venture, will ship the mill's products to its paper mills in Europe.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday December 15.

Closing prices on December 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101⅞	102⅛	−0⅜	−1½	15.94
APS Fin. Co. 17¼ 86	90	103¾	104⅛	−0⅜	−1	15.99
Armco O/S Fin. 15⅞ 86	50	99¾	100¼	−0⅛	−0⅞	15.37
Br. Colum. Hyd. 16¼ 88	100	102¾	103¼	−1½	−3⅛	15.51
Br. Colum. Mis. 17 97	50	104⅛	104⅝	−0⅜	−0⅜	16.20
Can. Nat. Rail 14⅞ 91	100	97⅛	97⅝	−0⅛	−0⅜	15.75
Caterpillar Fin. 16½ 86	100	102⅞	103⅜	−0¼	−0⅞	15.51
CFMP 16⅞ 86	100	103⅛	103⅝	−0⅛	−0⅜	16.13
CIBC 16⅞ 91	100	104⅛	104⅝	−0⅛	−1⅛	15.76
Citicorp Int. Fin. 15 88	150	100⅛	101⅛	−0½	−0⅛	14.62
Cincorp O/S 16⅞ 86	150	105	105½	−0¼	−1	15.16
Cities Service 17 88	150	104¾	105¼	−1⅛	−2	15.73
Con. Illinois 14⅞ 84	100	99⅛	99⅝	−1⅛	−0⅛	14.90
Cons.-Bathurst 17½ 88	60	103⅛	103⅝	−0⅛	−0⅛	16.59
CPC Fin. 16⅞ 86	50	105	105½	+0⅛	−1	15.03
Dupont O/S 14½ 88	400	98⅛	99⅛	−0⅛	−0⅛	14.73
EIB 16½ 88	100	102⅞	103⅛	−0⅛	−0⅛	15.70
EIB 16¾ 91	100	104⅛	104⅝	−0⅛	−0⅛	15.80
Ford Cr. O/S Fin. 16 85	150	100	100½	−0⅛	+0⅛	15.79
GMAC O/S Fin. 16¼ 84	300	102	102½	−0⅛	−1⅛	15.43
Gulf States O/S 17½ 88	60	105⅛	105⅝	−0⅛	−1⅛	16.87
IBM Wld. Trade 14⅛ 86	60	102⅛	102⅝	−0⅛	−0⅛	13.71
Nat. Bk. Canada 16¾ 88	40	100⅞	101⅛	+0⅛	−0⅛	16.86
New Brunswick 17 88	60	104⅛	105⅛	−0½	−2	15.71
Newfoundland 17¼ 89	60	106⅛	107⅛	−0⅛	−0⅞	15.62
New. & Lab. Hy. 17¼ 89	75	104⅛	105	−0⅛	−0⅛	16.13
Ohio Edison Fin. 17⅞ 88	75	102⅛	103⅛	−0⅛	−0⅛	16.72
OKG 15⅞ 97	50	98⅛	98⅝	−0⅛	−1⅛	16.01
Pacific Gas Elec. 16 88	75	102⅛	102⅝	−0⅛	−1⅛	15.28
PSNH Int. Fin. 17 86	30	101⅛	102⅛	−1⅛	−1⅛	16.31
Quebec Hydro 17⅛ 91	150	106⅛	106⅝	−0⅞	−0⅛	15.90
Saskatchewan 16⅛ 88	100	101⅞	102⅛	−0⅛	−1	15.71
Shell Canada 15⅛ 91	100	104⅛	104⅝	−0⅛	−0⅛	14.81
South California 14⅛ 88	50	100⅛	101	−0⅛	−0⅛	14.51
Swed. Ex. Cred. 16⅛ 88	75	101⅛	102⅛	−0⅛	−1	15.10
Tenneco Int. 17 89	100	105⅛	105⅝	−0⅛	−0⅞	15.72
Transcanada 17⅞ 88	75	105⅛	106⅛	−0⅛	−0⅞	16.17
Transcanada 16 89	100	99⅛	100	−0⅛	−1⅛	16.05
Walt Disney 15⅛ 86	100	102⅛	102⅝	−0⅞	−1⅛	14.95
Wells Fargo Int. 16⅛ 84	50	102⅛	102⅝	−0⅛	−1	14.06
Winnipeg 17 86	50	105⅛	105⅝	−0⅛	−0⅞	15.27
World Bank 16 86	210	102⅛	102⅝	−0⅛	−0⅛	15.13
World Bank 16 88	80	101⅛	102⅛	−0⅛	−0⅞	15.42
World Bank 16½ 86	130	103⅛	103⅞	−0⅛	−0⅛	15.33
World Bank 16½ 88	100	103⅛	103⅞	−0⅛	−1	15.56

Average price changes... On day −0⅛ on week −0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99⅝	100⅛	−0⅛	+0⅞	9.96
Asian Dev. Bank 10¼ 89	100	102	102½	−0⅛	+0⅛	10.28
Austria Rep. of 8¾ 92	150	92⅛	92⅝	+0⅛	+2⅛	9.30
Belgelectric 11 91	100	101⅞	102⅜	−0⅛	+0⅛	10.
CECA 10 91	120	101⅞	102⅜	−0⅛	−0⅛	9.61
Council of Europe 10 91	100	100⅛	100⅝	−0⅛	+0⅛	9.90
Cncl. of Europe 10¼ 91	100	100⅞	101⅜	−0⅛	+0⅛	10.12
EIB 8½ 90	200	94⅛	95	−0⅛	+0⅛	9.41
EIB 10½ 91	200	102⅛	103⅛	−0⅛	+0⅛	9.87
ESCOM 9¾ 87	100	96⅞	97⅜	+1	+1⅛	10.00
Finland, Rep. of 10 89	100	99⅝	100⅛	−1	+0⅞	10.03
Ind. Bk. Finland 8½ 90	50	91⅞	92⅜	−0⅛	−0⅛	9.89
Int.-Am. Dv. Bk. 10 91	100	100⅛	100⅝	−0⅛	0	9.90
Japan Air Lines 8⅝ 87	100	96⅞	96⅜	+0⅛	+0⅛	8.96
Japan Dev. Bk. 7¾ 87	100	92⅞	93⅜	0	0	9.18
Midland Int. Fin. 8½ 90	150	94⅛	94⅝	−0⅛	−0⅛	9.44
Mt. Bk. Dnmk. 10½ 91	100	99⅞	100⅜	−0⅛	−0⅛	10.47
Nat. West. 11 91	125	104⅛	105⅛	−0⅛	+0⅛	10.20
OKB 10¾ 91	150	101	101½	−0⅛	+0⅛	9.89
Renault Accept. 10⅞ 86	150	100⅛	101	−0⅛	+0⅛	10.53
Swed. Ex. Cred. 10⅛ 91	100	99⅛	100	−0⅛	0	10.28
Venezuela, R. of 9⅞ 90	150	94⅛	95	−0⅛	−0⅛	10.71
World Bank 11 91	100	103⅞	104⅛	0	0	10.27

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport. Paris 6⅞ 91	60	†96	96½	+0⅛	+1⅞	7.05
Asian Dev. Bank 8 90	80	103⅛	103½	+0⅛	+0⅛	7.48
BFCE 6½ 91	100	95½	95¾	+0⅛	+0⅛	7.18
Belgelectric Fin. 7¼ 91	100	†103	103¼	+0⅛	+0⅛	7.26
Bell Canada 7⅞ 93	100	105	105½	+0⅛	+0⅛	6.61
Bergen, City of 6¾ 91	40	100⅛	100½	+0⅛	−0⅞	6.71
Bat. de Autopistas 8 90	50	101⅛	101½	+0⅛	+0⅛	7.80
CECA 6⅞ 91	80	100	100½	+1	+1⅛	6.72
Dome Petroleum 6⅞ 91	100	95⅛	96⅛	+0⅛	+3⅛	6.43
Dome Petroleum 7⅞ 90	100	104	104⅛	+0⅛	+1	6.60
Franc. Petroles 6½ 91	80	95	95½	−0⅛	+0⅛	7.73
Genstar 7 91	100	102⅞	103⅛	+0⅛	+1	6.65
Int. Amer. Dv. Bk. 7 91	100	99	99⅛	+0⅛	+0⅛	7.12
I/S Elsam 8½ 91	80	105⅛	105⅝	+0⅛	+0⅛	7.71
Japan Air Lines 7⅛ 91	100	104⅛	104⅝	+0⅛	+0⅛	6.63
Nafgr. Gasunie 8 91	100	107	107⅛	+0⅛	+1⅛	6.98
OKB 7 93	100	100⅛	100⅝	−0⅞	+0⅛	6.94
OKB 7½ 91	100	101⅛	102	+0⅛	+0⅛	6.98
Oslo, City of 8 91	100	105⅛	105⅝	−0⅞	+0⅛	7.13
Saint Etienne 9½ 91	20	104⅛	104⅝	+0⅛	+0⅛	7.85
Swed. Ex. Credit 7⅛ 91	75	98	98⅛	−0⅛	−0⅛	7.53
TNT O/S Fin. 6 91	80	105	105⅛	+0⅛	+0⅛	7.29
Unilever NV 7⅛ 93	100	105⅛	105⅝	+0⅛	+0⅛	6.78
World Bank 6 91	100	92⅞	93⅛	+0⅛	+1⅛	7.02
World Bank 7 90	100	100⅞	101⅛	−0⅛	+0⅛	6.83
World Bank 8 91	100	106⅛	106⅝	+0⅛	+1⅛	7.06

Average price changes... On day +0⅛ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	99⅞	100⅛	−0⅛	−0⅛	8.30
Australia 8½ 88	20	99⅞	100⅛	−0⅛	+0⅛	8.60
EIB 7⅞ 89	12	97⅞	98⅛	−0⅛	0	8.72
Finland, Rep. of 8⅛ 87	15	98⅛	99⅛	−0⅛	0	8.53
Int.-Amer. Dev. 8⅞ 91	15	100⅞	101⅛	−0⅛	−0⅛	8.66
New Zealand 8⅛ 87	15	99⅞	100⅛	−0⅛	−0⅛	8.38

Average price changes On day −0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 86 C$	50	†96	97	−0⅛	−0⅛	14.78
CIBC 11½ 85 C$	60	†91	92	−1⅛	−1⅛	14.63
Federal Dev. 11⅛ 90 C$	60	†84	85	−0⅛	+2	14.76
Federal Dev. 17¼ 86 C$	40	†106	107	0	0	15.71
Fst. Can. Inv. 10 84 C$	50	†89	90	−0⅛	0	15.40
GMAC (Can.) 16 87 C$	50	104	105	+0⅛	0	16.87
Tordom Cpn. 13½ 85 C$	30	†96	97	0	−0⅛	14.78
M. Bk. Dnmk. 9 91 EUA	25	80½	82	0	−0⅛	12.37
SOFTE 8⅛ 89 EUA	40	78	79½	+0⅛	+1½	12.87
U. Bk. Nwy. 9½ 90 EUA	18	89	90½	0	+1⅛	11.47
Algemene Bk. 10⅛ 86 Fl	60	97⅛	97⅝	−0⅞	−0⅛	10.99
Amfas Group 12⅛ 86 Fl	40	100⅛	100⅞	−0⅛	+0⅞	12.06
Amro Bank 12 86 Fl	75	102	102½	−0⅛	+0⅛	11.30
Amro Bank 12 88 Fl	60	101	101½	−0⅛	0	11.63
Heineken NV 10 87 Fl	100	95⅛	96⅛	−0⅛	+0⅛	10.99
Pierson 10⅛ 86 Fl	50	95⅛	96⅛	−0⅛	+0⅛	11.46
Rabobank 12 86 Fl	50	100⅞	101⅛	−0⅛	−0⅛	11.62
Air France 14¼ 86 FFr	200	92	93	0	+0½	16.98
Bk. America 14½ 86 FFr	250	93⅛	94⅛	+0⅛	+0⅞	16.48
Charb'nages 13⅞ 85 FFr	400	91⅛	92⅝	+0⅛	+0⅛	16.89
EIB 14⅛ 88 FFr	300	88⅛	89⅛	+0⅛	+0⅞	17.08
La Redoute 14⅛ 86 FFr	125	90⅛	91⅛	0	+0½	17.56
OKB 14 86 FFr	400	91⅞	92⅝	+0⅛	+0⅛	16.70
Solvay et C. 14⅛ 86 FFr	200	92	93	+0⅛	+0⅛	17.30
Swed. E. Cr. 14⅛ 86 FFr	250	91⅛	92⅛	−0⅛	+0⅛	17.35
U. Mex. Sts. 14 85 FFr	150	91½	92½	0	0	17.29
Acona 14 85 £	20	91⅞	92⅛	−0⅛	+0⅛	16.91
Beneficial 14⅛ 90 £	20	84⅞	85⅞	+0⅛	+0⅛	17.60
BNP 13½ 91 £	15	85⅛	86⅛	+0⅛	+0⅛	16.53
CECA 13½ 88 £	20	90⅞	91⅞	−0⅛	0	15.81
Citicorp O/S 13½ 90 £	50	90⅞	91⅛	0	−0⅛	15.46
Fin. Ex. Cred. 13⅛ 86 £	15	92⅛	93⅛	−0⅛	−0⅛	16.05
Gen. Elec. Co. 12⅛ 89 £	50	87⅛	88⅛	−0⅛	0	15.27
Hiram Walker 14⅛ 86 £	25	94⅛	95⅛	−0⅛	−0⅛	15.93
Privatbanken 14½ 88 £	12	93	94⅛	−0⅛	0	16.11
J. Rothschild 14⅛ 90 £	12	94⅛	95⅛	−0⅛	+0⅛	15.31
Royal Trustco 14 86 £	12	94⅞	95⅞	0	+0⅛	15.77
Swed. Ex. Cr. 13⅛ 86 £	20	93⅛	94½	0	+0⅛	15.85
Akzo 9⅛ 87 LuxFr	500	86⅛	87⅛	−0⅛	0	12.56
Euratom 9⅛ 88 LuxFr	500	86⅛	87⅛	−0⅛	−0⅛	12.99
Eurofima 10½ 87 LuxFr	500	89⅛	90⅛	+0⅛	+0⅛	13.13
EIB 9⅞ 88 LuxFr	600	86⅛	87½	+0⅛	+0⅛	13.03
Volvo 9⅞ 87 LuxFr	500	86⅛	87⅛	+1⅛	+1	12.97

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0⅛	99⅞	100⅛	18/12	16⅛	16.77
Bank of Montreal 5½ 91	0⅛	100⅛	100⅝	29/4	17.06	17.00
Bank of Tokyo 5¼ 91	0⅛	99	99⅛	10/12	5⅛	5.29
Bk. Nova Scotia 5⅛ 93	0⅛	100⅛	100⅞	29/4	17.06	16.96
BBL Int. 5 86	0⅛	99⅛	100⅛	20/5	13½	13.50
BFCE 5⅛ 88	0⅛	100⅛	100⅛	26/4	16.94	16.88
Christiania Bk. 5½ 91	‡0⅛	98⅛	99⅛	5/2	15.56	15.72
Co-Ban Eurofin 5½ 91	0⅛	98⅞	99⅛	14/4	16.69	16.83
Den Norske Cred. 5½ 93	0⅛	97⅞	98⅛	4/12	5½	5.61
Genfinance 5⅛ 87	0⅛	100⅞	101⅛	30/4	17.06	16.87
Genfinance 5⅛ 92	0⅛	99⅛	100⅛	30/12	18.31	18.34
Giro und Bank 5⅛ 91	‡0⅛	99⅛	99⅞	23/12	17½	17.57
GZB 5⅛ 92	‡0⅛	98⅞	99⅛	5/12	17⅛	17.40
Ind. Bank Japan 5⅛ 88	0⅛	98⅞	99⅛	9/5	13.31	13.43
Lloyds Eurofin 5⅛ 93	§0⅛	100	100½	29/4	17.13	17.09
LTCB Japan 5½ 89	0⅛	99⅛	99⅛	16/1	18.32	18.43
Midland Int. Fin. 9 91	0⅛	100⅛	100⅛	30/4	17.06	16.98
Nacional Fin. 5½ 88	0⅛	98½	99	25/3	17.31	17.53
Nat. Bk. Canada 5⅛ 88	0⅛	99⅞	100⅛	24/3	17.31	17.29
Nat. West. Fin. 5⅛ 91	§0⅛	99⅛	99⅞	15/1	18⅛	18.19
Nat. West. Fin. 5⅛ 92	§0⅛	100⅛	100⅛	23/4	17	16.94
Nordic Int. Fin. 5½ 91	0⅛	99⅛	99⅛	6/5	15⅛	15.70
Offshore Mining 5⅛ 91	0⅛	98⅛	99⅛	2/6	13	13.15
Pemex 6 91	0⅛	98⅛	98⅛	8/4	17	17.26
Pemex 5⅛ 88	0⅛	†98	98½	14/2	18.81	19.15
Sanwa Int. Fin. 5⅛ 88	0⅛	99⅛	100⅛	24/3	17⅛	17.25
Sec. Pacific 5⅛ 91	0⅛	99	99½	24/5	13⅛	13.35
Societe Generale 5⅛ 91	0⅛	99⅛	99⅞	22/1	18⅛	18.70
Sparebanken 6 87	0⅛	98⅛	99⅛	19/12	16.81	17.00
Standard Chart. 5⅛ 91	0⅛	98½	99	18/5	13.31	13.48
Sumitomo Fin. 5½ 88	0⅛	100⅛	100⅛	6/2	19.56	19.47

Average price changes... On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	97⅞	98⅞	−0⅛	1.32
Bow Valley Inv. 8 95	4/81	23.12	103½	105	−1	15.20
Canon 6⅛ 95	1/81	829	109⅞	111⅞	−5⅛	−2.48
Daiwa Secs. 5½ 96	12/81	539	†89	90	+1⅛	8.27
Fujitsu Fanuc 4½ 96	10/81	6770	102	103½	−3⅛	3.05
Furukawa Elec. 5⅛ 96	7/81	300	120⅛	121⅞	−4⅛	−4.70
Hanson O/S Fin. 9½ 96	8/81	2.74	†91	93	+1⅛	−1.56
Hitachi Cred. Cpn. 5 96	7/81	1866	99⅛	101½	−1⅞	16.84
Inchcape 8 95	2/81	4.56	†81	82½	−2	15.34
Kawasaki 5⅛ 96	9/81	229	85	86½	−4½	−1.87
Marui 6 96	7/81	931	104½	106	−1½	−1.19
Matsushita El. 7½ 95	11/80	690	99	100½	−2⅛	−1.58
Minolta Camera 5 96	10/81	909	77½	79	−2½	8.09
Murata 5⅛ 96	7/81	2190	81⅛	82⅞	−2⅛	21.38
NKK 6½ 96	7/81	188	105	106½	−5⅞	5.58
Nippon Chemi-C. 5 91	10/81	919	82	84	0	1.64
Ricoh 6⅛ 95	8/80	604	112⅛	114⅛	−4⅛	0.21
Sanyo Electric 5 96	10/81	652	80⅛	81⅛	−4	8.33
Sumitomo Met. 5⅛ 96	10/81	305	85½	87	−5⅛	−0.54
Swiss Bk. Cpn. 6⅛ 90	9/80	200	†82	84	+1	23.55
Taylor Woodrow 8⅛ 90	1/81	4.94	†80	82	−0½	−1.46
Transco Int. 8⅞ 95	2/81	68	†81	82½	−0½	27.79
Tricorp 8½ 95	12/80	31.25	†76½	78	0	46.31
Union Bk. Switz. 5 89	2/80	70.79	†88⅛	90½	+0⅛	9.58
Sharp Cpn. 6½ 88 DM	9/80	591.8	174⅛	176⅛	−0⅛	−3.01
Uny Co. 6½ 86 DM	11/79	879.3	103½	104⅛	0	−1.91

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Companies and Markets

INTL. COMPANIES & FINANCE

Solid interim performance from Deutsche Bank

BY STEWART FLEMING IN FRANKFURT

DEUTSCHE BANK, West Germany's largest commercial bank with group assets of DM 191bn ($86bn) on October 31, has reported a profit increase of more than 20 per cent for the German parent company in the first 10 months of the year.

The result underlines the strength of the banks performance over the past two years, during which three of its four biggest rivals have had to either cut or, in the case of Commerzbank, omit, thir dividend payments as profits have fallen.

Only Bayerische Vereinsbank, which at the weekend reported a 15 per cent earnings improvement and forecast a maintained dividend for the year, has been able, along with Deutsche Bank, to escape apparently unscathed from what have been the two most difficult banking years in the Federal Republic.

In its interim report, Deutsche Bank AG, the German parent company, reported a 6.7 per cent increase in assets to DM 111bn (the figure of DM 190bn for group assets includes non-consolidated overseas subsidiaries) and an increase in interest and commission earnings of 40 per cent to DM 1.2bn. This excludes trading income.

The bank said its foreign exchange and precious metals trading income were down compared with 1980. Earnings including trading income rose by a fifth.

No figures were released for the profits of the group, but the bank said that growth in the parent company's operations was particularly strong outside Germany, while growth within Germany was slower than it has been for several years.

The bank's profitability has been improving significantly since the summer, partly as a result of the declining interest rates. After six months earnings were only 10 per cent up.

Last year Deutsche Bank reported an increase in operating results of 28 per cent. It took the opportunity of strong profits to strengthen reserves, however, and net income was up by only 7.2 per cent.

Dr F. Wilhelm Christians, joint chief executive of the bank, said yesterday it would follow a similar policy of strengthening loan loss reserves and making substantial risk provisions at the end of the current year. While the business climate justifies such a decision the bank would also appear to be taking the opportunity offered by German tax laws to "bury" at least temporarily, earnings which some its rivals would currently prefer to declare as profits.

The strong performance of the bank in the past two years partly reflects the fact that it has managed to avoid the excess of mis-matching longer trem fixed interest loans with short term floating interest rate deposits which have hit competitors such as Dresdner Bank and Commerzbank.

It has too some DM 20bn of low cost savings deposits in the parent company balance sheet.


Dr F. Wilhelm Christians, joint chief executive of Deutsche Bank

The bank has responded to last week's cut in the special Lombard rate from 11 per cent to 10.5 per cent, by announcing reductions in the interest rates it charges key customers.

Charges on variable interest rate loans to the corporate sector are being reduced by ½ percentage point. This would appear to bring the cost of short-term loans to good quality borrowers to between the 13½ and 14 per cent mark.

Heavy loss for Spanish bank

BY ROBERT GRAHAM IN MADRID

BANCO OCCIDENTAL, Spain's 19th largest bank which collapsed in July, could have net losses of more than $150m, making it by far the biggest banking failure in the past three years of Spain's banking crisis.

There is also concern that the losses of Banco de Descuento, which collapsed last month, are much larger than anticipated. Reports of these losses come as the small industrial bank, Banco de Los Pirineos, has been forced into temporary receivership.

Banco Occidental and its affiliate, Comercial Occidental, had total deposits worth more than $600m in July when rescued by the Deposit Guarantee Fund. The fund acquired 51 per cent of the bank's shares for a nominal Pta 1.

Initially it was thought that guaranteeing all deposits and covering losses would absorb a total Pta 25bn, or about $250m. However, an audit suggests that the "hole" to be covered in Occidental and more than 100 of its subsidiaries amounts to more than Pta 46bn. Existing assets would hopefully reduce this to a net loss of $150m.

In the case of Banco de Descuento, bankers are as yet unwilling to hazard the extent of the total loss to be covered. The bank had deposits of about $170m.

Meanwhile, the Banco de los Pirineos on Tuesday applied to a Barcelona court for temporary receivership, after being refused help by the Deposit Guarantee Fund. The bank, with capital and reserves of Pta 1.4bn ($14m) is understood to have provided off balance sheet guarantees of Pta 2.5bn to companies linked with it and its board.

These "unaccounted" guarantees raise total risk to more than Pta 5.5bn, which is the equivalent to total deposits. Only deposits up to Pta 1.5m will now be covered by the fund.

The head of the bank is Sr Higinio Torras Majem, who also presides over the big Catalan-based paper group, Torras Hostench.

Usinor deeply in the red

By David White in Paris

USINOR, the leading French steel producer, is forecasting a loss of around FFr 3.4bn ($600m) for this year, almost three times its 1980 deficit.

The loss stems largely from heavy financial charges. Recent improvements in selling prices, the company said, came too late to offset the sharp rise in its costs.

But the group, which along with the number two steel company, Sacilor, is being brought under direct State control by the Socialist Government, expressed the hope that EEC price increases programmed for next year might establish "some kind of balance" between revenues and costs.

It was only with the rises that came into effect in the past two months, and more important those planned for early 1982, that European prices would reach a level comparable to those in force on other major markets, it said.

Faced with continuing weak demand, Usinor showed a net loss of close to FFr 1.5bn in the first six months, already exceeding the FFr 1.23bn deficit registered for the whole of last year. Turnover was 11 per cent down.

The Government, which is converting public sector debt owed by the steelmakers into shareholdings, is due to bring in a new plan for the steel industry next year. Usinor, which for the past three years has already been effectively under state control, will be slightly more than 90 per cent State-owned under the takeover plan.

French steel output in the first 11 months of this year was 10.2 per cent below the 1980 level at 19.46m tonnes.

U.S. Ford 'should have taken part in talks'

BY CHARLES BATCHELOR IN AMSTERDAM

FORD MOTOR COMPANY should have become directly involved in negotiations which led to the closure of its truck assembly plant in Amsterdam, a Dutch Government commission suggests in a report.

If the degree of dependence of a subsidiary company was such that major decisions affecting the workforce could not be left to the local management then the parent company itself should be prepared to take part in talks with the unions and works council, if need be sending a representative. This was the conclusion of the interministerial commission which supervises the application of Organisation for Economic Cooperation and Development (OECD) guidelines for multinational companies.

The commission had been asked to give its judgment on Ford's handling of the closure by the Netherlands trade union federation (FNV). In a reaction to the commission's report the FNV said that it had been extremely vague and had not gone into the specific details of the Ford case.

The Government is concerned that Ford's experience in closing its plant would frighten off other multi-nationals, the FNV said.

Ford closed the plant, which in recent years has assembled Transit light vans and Transcontinental heavy trucks, on November 24. The workforce fought bitterly to keep open the loss-making factory, staging a sit-in and taking the case to the courts.

The multinational commission is not meant to judge concrete cases but to give its view on the interpretation of the OECD guidelines, the Economics Ministry said.

The FNV said it was dissatisfied with the commission's performance, but pointed out that it functioned better in the Netherlands than its counterparts in most other OECD member countries.

Over two other issues raised by the union—the question of a union's right to information and the need for major decisions such as closures to be announced well in advance—the commission concluded that these were covered by existing Dutch law.

Ford Nederland was not available for comment.

Rueti to cut workforce as recession bites

By John Wicks in Zurich

MASCHINENFABRIK RUETI, of Switzerland, a leading European textile machinery manufacturer, is to shed almost 300 workers, representing almost 16 per cent of its labour force, next year.

The company, part of the Georg Fischer group, is to phase out between 250 and 300 of its 1,900 jobs because of the "world-wide textile recession." It said there was massive pressure on prices, partly from Japanese competitors and partly from the strong Swiss-franc exchange rate.

Rueti said the measures were necessary if Rueti it was to retain its competitive ability in the long term. Although Rueti says it has modern production facilities, it said there were no signs of a medium-term improvement.

A recent report by the Swiss Association of Machinery Manufacturers (VSM) said that in the third quarter work on hand in the textile machinery sector had dropped to the equivalent of only 4.8 months' output.

U.S. foothold for Flakt

BY WILLIAM DULLFORCE IN STOCKHOLM

SVENSKA FLAKT, the Swedish industrial ventilation and pollution control group, has bought Carborundum Environmental Systems (CES) of the U.S. from Kennecott Corporation, which is controlled by BP through Sohio.

Earlier this year the Swedish concern acquired the Bahnson Company, a supplier of air-conditioning and ventilation plants in North Carolina. Fläkt's purpose is to break into the swiftly expanding pollution control market in the U.S.

CES, with annual sales of around $50m, makes air pollution control systems which are widely used in the U.S. steel industry. It also manufactures fabric filters and flue-gas cleaning systems for coal-fired power utilities, complementing the Swedish group's current products.

The Fläkt group operates in 27 countries. It expects to take in orders of more than $1.1bn this year. Last year it earned SKr 153m ($28m) pre-tax on sales totalling SKr 4.3bn.

ASEA, the Swedish heavy electrical engineering group, acquired a controlling interest in Fläkt in October.

Multi-Purpose establishes international trading arm

BY WONG SULONG IN KUALA LUMPUR

MULTI-PURPOSE HOLDINGS (MPH), the investment arm of the Malaysian-Chinese Association, a partner in the Malaysian government, is moving into international trading with the formation of a large trading company and plans to buy up a West German shipping company.

MPH said is was "In the last stage of negotiations" to buy the company which owns ten ocean liners with a combined tonnage exceeding 100,000 dwt.

Dato Onn Seng Lee, the chairman, will leave next week to try to sign the deal, but MPH declined to name the takeover target or the price offered because another Malaysian company is believed to be competing.

Dato Oon would also be meeting shipping companies in Denmark and the UK to discuss co-operation and the possible purchase of ships.

The trading company, with an authorised capital of 500m ringgit (US$222m) will be named Multi-Purpose International Corporation, and will take over the activities of Guthrie Berhad, which MPH bought from Guthrie Corporation of the UK in June for 110m ringgit. Singapore-based Guthrie has a wide trading network in South East Asia, with franchises for many consumer products.

An MPH official said the company was undergoing "rapid and massive diversification" and would be looking outside Malaysia for business opportunities.

He said the formation of the trading company dovetailed into the Malaysian Government's proposal to form Malaysian international trading companies modelled along the lines of Japan's trading houses.

The first such Malaysian company called Malaysian International Trading Company, was incorporated recently with several big government agencies, such as Petronas and Pernas and Malaysia Mining Corporation, as partners.

MPH is one of Malaysia's fastest growing corporations with interests in finance, property and plantations. Last October, it bought over 51 per cent of Dunlop Estates Berhad for 211m ringgit from its British parent and is now making a similar offer to minority shareholders.

MPH intends to run Dunlop Estates, which has 54,000 acres of plantations, in partnership with the Malay-controlled listed company, Pegi.

Boost for Japanese convertible bonds

By Charles Smith in Tokyo

THE SAGGING market for Japanese corporate convertible Eurocurrency bonds is to receive an infusion of about $120m (Y26bn) of private Japanese savings from a new type of mutual fund introduced by Daiwa Securities. The fund offers individuals the chance to buy units denominated at Y10,00 to be invested in convertible Eurobonds of major Japanese companies.

No dividends will be paid, but investors will receive a tax-free capital gain at the end of four years. No exchange risk is incurred, despite the fund units being priced in yen while the bonds are dollar-denominated, because of a provision for ensuring parity between the exchange rate and stock market quotations when the bonds are issued and the rate at which they are converted into shares.

Japanese investors appear to like the fund, buying all available shares two days after the recent opening of subscriptions. Daiwa says it has already begun purchasing the Eurodollar bonds.

With yields on the Eurobond market running at around 6.5 per cent, Daiwa calculates that prices on the Tokyo stock market will have to rise by an annual average of no more than 3.5 per cent for it to realise the 10 per cent annual capital gain it has quoted as the fund's probable minimum return.

The Daiwa fund could be followed by others subject to informal traffic control by the Ministry of Finance. According to one estimate, between Y50bn and Y75bn worth of Japanese savings could flow into the Eurobond markets in the coming year in this way.

Philippines project for Sime

BY OUR KUALA LUMPUR CORRESPONDENT

SIME DARBY, the Malaysian plantations-based conglomerate, plans to cultivate a 50,000 acre rubber plantation on Palawan Island in the Philippines in partnership with various agencies.

Tunku Ahmad Yahya, Sime's joint chief executive, confirmed that the group is finishing a feasibility study and detailed discussions would start early next year. It has been agreed in principle that Filipino agencies, led by the government's National Economic Development Corporation, will hold 60 per cent

The remaining 40 per cent will be held by Sime, the Kuwait Investment Fund, and the International Finance Corporation of the U.S. Sime would be the manager for the project.

Clearing the area, currently jungle, for rubber, will take about seven years, at a capital investment of around 100m ringgit (U.S.$46m).

The project was initiated by the World Bank, which has forecast a world shortage of natural rubber in the 1980s, and that the price of rubber would rise once the world recession is over.

The bank saw the Philippines as having sufficient land for a sizeable rubber venture, and Sime was approached because of its long-standing expertise in rubber cultivation.

Palawan, a 300-mile long, dagger-shaped island, pointing southwards to the east Malaysian state of Sabah, was chosen for its soil and climate, the lack of illegal squatters and its political stability compared with other parts of the southern Philippines, where Moslem secessionists are active.

Fedvolks well ahead at six months

By Jim Jones in Johannesburg

FEDERALE VOLKSBELEGGINGS (Fedvolks) the South African investment company with large interests in food, chemicals, electronics, and furniture retailing, was affected by the country's slowing economic growth rate in the half year ended September 30 but still managed a 37.7 per cent rise in attributable after-tax income to R15.1m ($15.6m) from the R11m of the corresponding six months last year and compared with R31.9m for the year ended March 31.

Fedvolks expects a further slowdown in the economic growth rate in the second half which would cut the growth in earnings from the first half rate. However, earnings and dividend increases are not expected to be significantly lower than targeted.

An interim dividend of 14 cents a share has been declared from first half earnings of 52.9 cents a share. Last year the interim dividend was 12 cents and first-half earnings 40.5 cents a share. For the year ended March, the company paid a total dividend of 33 cents out of earnings of 117.5 cents a share.

LTA increases midterm profits to record level

BY OUR JOHANNESBURG CORRESPONDENT

LTA, the South African construction group which is 76 per cent-owned by Anglo American Industrial Corporation, earned a record pre-tax operating profit for the six months ended September of R10.7m ($11.1m) against R8.2m in the first half of last year. Turnover rose to R418m from R299m.

The company continued to benefit from the high level of building and construction activity and at the end of September the value of uncompleted work on hand was R839m compared with R705m a year earlier.

However, the first half was not without its difficulties. A serious problem arose at a mass housing project in the Cape Province where buildings under construction were vandalised.

Management believes that full-year operating profit will be up by more than 30 per cent from last year's R16.7m. However, a higher tax bill is expected to hold the advance at the after-tax level to about 20 per cent on last year's 83 cents a share. First-half net earnings were 46 cents a share against 39 cents. The company does not pay interim dividends. Last year's final payment was 30 cents a share.

BMI drops Humes bid

BY GRAEME JOHNSON IN SYDNEY

THE A$150m takeover bid by Humes, the concrete products group, for Arc Industries, the steel and wire producer, was thrown into doubt yesterday by Arc's announcement that it was having talks with a third party which may result in a higher counter bid.

Shortly before Arc's announcement, BMI, a quarry group, said it was dropping its A$216m (US$246m) bid for Humes. It said that Humes' bid for Arc, designed to thwart BMI, had substantially altered the nature of Humes.

The success of Humes' bid for Arc is clearly not assured. Humes, however, has a 20 per cent stake in Arc which gives it some scope for manoeuvre.

Sumitomo in joint venture with GCA

By Richard C. Hanson in Tokyo

SUMITOMO Corporation, a major Japanese trading company, will form a joint venture with GCA Corporation of the U.S. to assemble semiconductor production equipment in Japan starting next year. The venture will be capitalised at Y100m ($460,000) and will initially assemble processing machines to make the wafer bases of semiconductor products.

GCA, based in Massachusetts and a leading U.S. company in the field already has sales in Japan of about Y8bn ($37m) a year, handled by a subsidiary of the trading company, Sumisho Electronic Systems. With the addition of an assembly company in Japan, GCA expects sales to rise to Y12bn next year.

GCA decided to form the venture in Japan to improve delivery times on equipment and keep up with the latest technological developments in Japan's semiconductor industry. Last year GCA earned $13.1m net on sales of $170.1m.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adig Investment
Postfach 708, 8000 Munich 1, Telex 524269
Adiropa ... DM19.62 20.71 +0.09 —
Adiverba ... DM49.98 52.40 +0.08 —
Fondak ... DM27.98 29.34 −0.01 —
Fondis ... DM23.50 24.68 −0.06 —

Albany Fund Management Limited
P O Box 73, St. Helier, Jersey. 0534 73933
Albany $ Fd (CI) ... US$177.52 179.75xd ... 2.19
Next dealing Dec. 11.

Alexander Fund
37, Rue Notre-Dame, Luxembourg
Alexander Fund ... US$13.52 ... —
Net asset value Nov. 23.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Dollar Inc. Fd. ... US$10.44 10.46 ... 12.57
AHR Gilt Edg. Fd. ... £10.84 10.90xd −0.10 13.66

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv: ACMI, 62/63 Queen St., EC4 01 248 8881
Distribution Dec 2/6 (0.001538) (11.9% p.a.)

Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)
P O Box 284, St. Helier, Jersey. 0534 76077
Dollar Income Tst. ... US$0.986 1.028 ... 15.62
East Intl. & Energy ... 136.2 148.3 +0.2 0.88
Gov't Secs. Tst. (CI) ... 67.9 70.4xd −0.3 15.58
Daily Dealings—yields based on forecasts.
Sterling Fd. ... 133.0 133.2xd ... 0.38
Dealing on Wed

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland
Bearer Sfd. (Nov 20) 9,975 10,500 ...

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income ... US$115.00 115.58 ... 8.22
Prices at Nov. 18. Next sub. day Nov. 25.

Barbican Managers (Jersey) Ltd.
P O Box 63, St. Helier, Jersey 0534 74806
Barb. Int. Fund ... 112.4 119.8 ... 2.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey 0534 73741
Unigilt Trust ... 38.5 40.0 ... 14.80
Unidollar Trust ... US$11.67 14.36 ... 2.00
Unibond Trust ... US$89.82 90.57 ... 11.00
1, Thomas St., Douglas, Isle o. Man. 0624 4856
Unicorn Aust. Ext. ... 66.5 71.6 ... 1.40
Do Aust. Min. ... 66.0 71.0 +3.6 1.70
Do. Grtr. Pacific ... 130.3 140.2 ... —
Do. Intl Income ... 29.0 31.2 ... 10.20
Do. Isle of Man Tst ... 39.4 42.4 ... 11.30
Do. Manx Mutual ... 53.1 57.1 ... 3.60

Bishopsgate Commodity Ser. Ltd.
P O Box 42, Douglas, I.o.M. 0624-23911
ARNAC* Dec. 7 ... US$3.25 56.62 +0.53 —
COUNT** Dec. 7 ... £3.119 3.308 +0.057 1.59
CANRHO** Dec. 7 ... £1.365 1.446 −0.027 —
MAPSA* ... $9.50 10.50 ... —
Original issue *$10 and **£1. Next val Jan. 4.

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel 01-920 0776 Telex 887281
Europe-Obligations ... US$46.58 −0.06 1.76

Eurotax Investments Ltd.
1, Athol St., Douglas, Isle of Man.
UK Agents FIS, St. Albans. 0727 33166
Eurotax Inv. Fund ... 95.00 100.00 ... —

F & C Mgmt. Ltd. Inv. Advisers
1 Laurence Pountney Hill, EC4 01-623 4680
F&C Atlantic Fd. SA ... US$11.08 ... 1.35
F & C. Oriental Fd ... US$21.98 ... 0.45
Prices Dec 2. Weekly dealings.

Fidelity International Ltd.
P O Box 670, Hamilton, Bermuda.
8, Queensway Hse, Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets ... US$38.28 −0.34 1.31
Am. Vals Cum Pf $$* ... $100.00xd −2.75 3.00
American Vals Com* ... $14.89 −0.80 —
Dollar Savings Trust ... US$87.15 +0.11 13.63
Far East ... US$32.87 +0.18 0.61
International ... US$41.05 −0.34 0.56
Pacific ... US$106.20 +0.77 0.24
World ... US$22.00 −0.09 1.77
Gilt Fund ... 21.0 21.2 −0.3 14.74
*Prices at October 30.

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming Dec 8 ... US$64.46 +0.69 —

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt
FT-Interzins ... DM37.46 40.94 +0.08 —
Frankft. Effekt Fd. ... DM53.32 56.13 +0.19 —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Nov. 30 ... US$155.50 ... —

G. T. Management (U.K.) Ltd.
Park Hse, 16 Finsbury Circus, London EC2
Tel. 01-628 8131. TLX: 886100
London Agents for:
A.U.T.H. ... US$7.52 ... —
Anchor Gilt Edge ... £8.29 8.34 −0.08 15.23
Anchor Int. Fd. ... US$8.29 8.51 ... 1.41
Berry Pac Fd ... US$66.97 ... 0.82
Berry Pac Strlg ... £4.21 4.3992 ... 0.95
G.T. Asia Fd. ... HK$21.41 ... 1.17
G.T. Asia Sterling ... £29.17 30.36 ... 1.71
G.T. Australia Fd. ... A$29.84 ... 1.17
G.T. Bond Fund ... US$11.25 −0.15 10.22
G.T. Dollar Fd. ... US$12.89 ... 1.20
G.T. Dir. (Strlg.) Fd. ... £14.74 15.35 ... 1.36
G.T. Invest. Fd. ... US$17.16 ... 0.58
G.T. Japan Small Cos. ... US$17.41 −0.31 —
G.T. Technology Fd ... US$27.96 +0.02 —
G.T. Pacific Fd. ... US$16.89 −0.07 0.21
G.T. Asean Growth Fd. ... US$10.96 ... 0.46

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3 01 283 3531
Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) ... 77.0 81.0xd ... 14.50
Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse, 10 Harcourt Rd., H. Kong
Australian Tst. ... US$7.118 7.644 ... —
HK & Pac. U. Tst. ... HK$8.034 8.575 ... 2.60
Japan Fd ... US$25.185 26.924 +0.389 0.60
N. American Tst. ... US$22.56 24.177 ... 1.00

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. ... 132.0 144.3 ... —

The English Association
4 Fore Street, EC2. 01-588 7081
E.A. Income Fd.* ... 62.6 66.71 ... 7.50
E. A. Sterling* ... £72.03 72.06 ... —
E. A. Equity* ... 62.56 66.56 ... 1.88
Wardgate Cm. Fd.** ... £16.35 17.02 ... 2.94
*Next dealing Dec. 7. **Next dealing Dec. 31.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2 Tel: 01-377 1040. Telex 8814408
Euro Hldgs. ... US$20.80 21.46 ... 9.50

J.F. Japan Small Co ... Y2,003 —
J.F. Japan Technology ... Y1,727 —
J.F. Eastern Tst ... HK$41.79 — 1.00
Do (Accum.) ... HK$44.26 —
J.F. Pac. Secs. (Inc.) ... US$5.45 — 0.50
Do (Accum.) ... US$5.66 —
J.F. Intnl Tst. ... US$4.52 — 0.30
Do. (Accum.) ... US$4.53 —
J.F.S.E.A. ... US$2.92 — 1.70
Do (Accum.) ... US$3.51 —
J.F. Phil ... US$8.43 — 4.30
J.F. Cur & Bd Fd (Inc.) ... US$12.21 — 7.40
Do (Accum.) ... US$14.08 —
Japan & Pacific CmTst ... US$12.22 — 5.0
Australia Tst. ... US$8.50 —
NAV Nov. 30
London Agents: Robt. Fleming & Co. Tel: 01-283 2400

Rothschild Asset Management (C.I.)
P O Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† ... US$2.30 2.53xd −0.08 0.52
O.C.Sm. Co*** ... 110.3 116.9 ... 2.57
O.C. Commodity* ... 184.3 99.3 ... 6.06
O.C. Dir Comdty.† ... US$38.81 41.29 +1.83 2.27
O.C. Hong Kg. Fd.†† ... HK$39.99 42.54 ... —
O.C. Sterling Fd** ... £14.623 ... +0.006 —
O.C. International Reserves Limited
Bel Francs (Fin.) ... 770.600 | Italian Lira ... 26,738
Canadian $ ... 39.445 | Singapore $ ... 56.750
D-Mark ... 45.445 | £ Sterling ... 11.963
Dutch Guilder ... 45.430 | Swiss Francs ... 43.185
French Francs ... 121.105 | U.S.$ ... 24.435
*Prices on Nov. 30. Next dealing Dec. 14
†Prices on Dec. 7. Next dealing Dec. 21
**Daily dealings. ***Dec. 15. ††Dealings every Wednesday.

*Initial offer period closing Dec. 31.

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

CURRENCIES, MONEY and GOLD

Dollar improves

Dollar gained ground against other major currencies in fairly thin foreign exchange trading, but finished well below the highest levels of the day after a late turnround in New York interest rates. The firmer trend in Eurodollar rates supported the U.S. currency in the morning, coupled with speculation that the Federal Reserve may take a slightly tighter monetary view if the November money supply figures to be released this week show the expected rise.

Sterling began quite firm, reflecting the relative attractiveness of London interest rates, but weakened against the strong dollar. *It finished on a better* tone however and showed little reaction to the provisional estimate of UK money supply.

European currencies were depressed on the firmness of Eurodollar rates and continuing tension in Poland. The Belgian franc weakened further at the bottom of the EMS.

DOLLAR — trade-weighted index (Bank of England) rose to 106.5 from 105.8. The U.S. currency rose to DM 2.2490 from DM 2.2395 against the D-mark; to FFr 5.6775 from FFr 5.6450 against the French franc; to Y217.75 from Y217.50 in terms of the Japanese yen; and to SwFr 1.8240 from SwFr 1.8050 against the weak Swiss franc, which lost ground against most currencies.

STERLING — trade-weighted index (Bank of England) fell to 91.7 from 91.9, after opening at 92.0, and falling to 91.8 at noon. The pound opened at $1.9450-1.9460, the highest level of the day, and fell to a low of $1.9170-1.9180 in the afternoon, before closing at $1.9265-1.9275, a fall of 90 points on the day. Sterling eased to DM 4.3350 from DM 4.3375 and to Y419.50 from Y421, but improved to FFr 10.94 from FFr 10.9250, and to SwFr 3.5175 from SwFr 3.4950.

D-MARK — No longer the weakest member of the European Monetary System having recovered recently after trading close to its divergence limit for several weeks. It has also improved against the dollar, reflecting a lower trend in U.S. interest rates and despite doubts about Germany's economic prospects — The D-mark showed mixed changes at the Frankfurt fixing, losing ground to the dollar and sterling, but improving against the Swiss franc. The Bundesbank probably intervened to support the D-mark on the opening market, and also sold $25.35m when the U.S. currency rose to DM 2.2475 from DM 2.2273 at the fixing. Increasing tension in Poland and higher Eurodollar interest rates led to demand for the dollar. Sterling improved to DM 4.3470 from DM 4.3400, while the Swiss franc fell to DM 1.2379 from DM 1.2472. Within the EMS the Dutch guilder rose to DM 91.49 per 100 guilders from DM 91.47, and the Belgian franc to DM 5.8710 from DM 5.8660, but the French franc fell to DM 39.62 per 100 francs from DM 39.63.

BELGIAN FRANC — Much weaker within the EMS recently, and now the lowest placed member of the system. Economic problems and the recent political vacuum following last month's election has led to the decline, resulting in substantial support for the franc by the Belgian National Bank — The franc continued to weaken against most major currencies at the Brussels fixing. The dollar rose to BFr 38.3325 from BFr 37.93, and sterling to BFr 74.15 from BFr 73.54. On the other hand the Swiss franc fell to BFr 21.1040 from BFr 21.2310, but EMS currencies were firmer.

THE POUND SPOT AND FORWARD

Dec 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9170-1.9460	1.9265-1.9275	0.47-0.37c pm	2.61	1.07-0.97 pm	2.12
Canada	2.2680-2.3010	2.2795-2.2805	0.40-0.50c dis	−2.37	0.90-1.10dis	−1.75
Nethlnd.	4.72-4.77	4.73-4.74	1¼-1⅛c pm	3.89	4½-3⅞ pm	3.48
Belgium	73.60-74.40	73.70-73.80	18-28c dis	−3.74	67-77 dis	−3.90
Denmark	13.96-14.10	13.97-13.98	1½ore pm-par	0.43	1¼ pm-¾ dis	0.14
Ireland	1.2170-1.2290	1.2195-1.2205	0.30-0.42p dis	−3.54	1.01-1.21dis	−3.64
W. Ger.	4.32-4.36	4.33-4.34	1⅝-1⅜pf pm	4.15	4⅝-4⅜ pm	4.27
Portugal	123.50-125.50	124.05-124.35	25-190c dis	−10.39	65-400 dis	−7.49
Spain	185.00-186.75	185.30-185.50	10-40c dis	−1.62	70-120 dis	−2.05
Italy	2313-2331	2314½-2316½	18-22lire dis	−10.62	50-54 dis	−8.98
Norway	11.01-11.13	11.03½-11.04½	3½-5½ore dis	−4.86	2½-4½ dis	−1.34
France	10.91½-11.00	10.93½-10.94½	1-2c dis	−1.65	5½-6½ dis	−2.19
Sweden	10.58-10.67	10.62-10.63	2½-1½ore pm	2.09	6-5½ pm	2.16
Japan	417-424	419-420	3.15-2.85y pm	8.58	8.80-8.40 pm	8.20
Austria	30.30-30.60	30.40-30.45	16-11gro pm	5.32	38-28 pm	4.34
Switz.	3.50-3.53½	3.51½-3.52½	1½-1¼c pm	5.12	4-3½ pm	4.26

Belgian rate is for convertible francs. Financial franc 82.60-82.90.
Six-month forward dollar 1.50-1.40c pm. 12-month 1.75-1.55c pm.

THE DOLLAR SPOT AND FORWARD

Dec 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9170-1.9460	1.9265-1.9275	0.47-0.37c pm	2.61	1.07-0.97 pm	2.12
Ireland†	1.5750-1.5865	1.5750-1.5780	0.88-0.78c pm	6.32	2.37-2.17 pm	5.76
Canada	1.1828-1.1847	1.1832-1.1835	0.51-0.54c dis	−5.32	1.14-1.18dis	−3.92
Nethlnd.	2.4520-2.4625	2.4570-2.4600	0.26-0.16c pm	1.02	0.81-0.71 pm	1.24
Belgium	38.24-38.36	38.26-38.28	15-18c dis	−5.17	48-51 dis	−5.07
Denmark	7.2545-7.2825	7.2550-7.2650	1.05-1.30ore dis	−1.94	3.00-3.50dis	−1.78
W. Ger.	2.2380-2.2560	2.2485-2.2495	0.34-0.22pf pm	1.66	1.23-1.18 pm	2.14
Portugal	64.40-64.65	64.40-64.65	30-110c dis	−13.02	70-240 dis	−9.61
Spain	96.00-96.65	96.00-96.10	28-38c dis	−4.12	85-110 dis	−4.06
Italy	1201-1207	1201½-1202½	12-13lire dis	−12.48	32-34 dis	−10.98
Norway	5.7245-5.7370	5.7320-5.7370	3.25-4.00ore dis	−7.58	4.75-5.50dis	−3.57
France	5.6600-5.6975	5.6750-5.6800	1.70-1.85c dis	−3.75	5.60-6.00dis	−4.09
Sweden	5.4925-5.5190	5.5150-5.5180	0.20-0.35ore dis	−0.60	0.15 pm-par	0.05
Japan	216.60-218.00	217.70-217.80	1.10-0.95y pm	5.65	3.20-3.05 pm	5.74
Austria	15.75-16.82	15.78½-15.80½	4¼-2¾gro pm	2.66	11¾-7¾ pm	2.34
Switz.	1.8030-1.8375	1.8235-1.8245	0.44-0.36c pm	2.63	1.28-1.20 pm	2.72

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.7	−33.4
U.S. dollar	106.5	+0.3
Canadian dollar	88.6	−16.3
Austrian schilling	117.0	+24.3
Belgian franc	104.7	+7.5
Danish kroner	87.9	−9.8
Deutsche mark	122.3	+43.7
Swiss franc	151.7	+102.0
Guilder	115.1	+20.5
French franc	80.8	−14.3
Lira	55.5	−57.7
Yen	145.9	+40.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.608464	0.563745
U.S. $	12	1.17360	1.09958
Canadian $	15.31	1.38884	1.29784
Austria Sch.	6¾	18.3598	17.2086
Belgian F.	13	44.5146	41.7072
Danish Kr.	11	8.45364	7.91976
D mark	7½	2.61390	2.45042
Guilder	9	2.85778	2.67881
French Fr.	9½	6.59974	6.18461
Lira	19	1403.53	1314.83
Yen	6¼	254.495	237.675
Norwgn. Kr.	9	6.74203	6.27258
Spanish Pts.	8	112.140	105.130
Swedish Kr.	11	6.42698	6.02022
Swiss Fr.	6	2.09722	1.96584
Greek Dr'ch.	20½	—	61.9396

OTHER CURRENCIES

Dec. 8	£	$		£ Note Rates
Argentina Peso	13,284-13,304†	6905-6925†	Austria	30.40-30.70
Australia Dollar	1.6980-1.7000	0.8775-0.8780	Belgium	82.50-83.50
Brazil Cruzeiro	235.77-236.77	122.59-123.20	Denmark	14.02-14.14
Finland Markka	8.381-8.400	4.3500-4.3520	France	10.90-11.02
Greek Drachma	107.365-110.641	56.50-56.70	Germany	4.33½-4.36½
Hong Kong Dollar	10.741-10.751	5.5720-5.5770	Italy	2305-2335
Iran Rial	152.70*	78.40*	Japan	419-424
Kuwait Dinar (KD)	0.541-0.547	0.2804-0.2807	Netherlands	4.73½-4.77½
Luxembourg Fr.	73.70-73.80	38.26-38.28	Norway	11.05-11.15
Malaysia Dollar	4.3245-4.3345	2.2430-2.2460	Portugal	124-132
New Zealand Dlr.	2.3190-2.3230	1.1990-1.2000	Spain	184¼-194¾
Saudi Arab. Riyal	6.61-6.67	3.4200-3.4220	Sweden	10.61-10.71
Singapore Dollar	3.9450-3.9550	2.0465-2.0495	Switzerland	3.50-3.54
Sth. African Rand	1.8810-1.8825	0.9760-0.9770	United States	1.91¾-1.93¾
U.A.E. Dirham	7.10-7.16	3.6710-3.6740	Yugoslavia	87-94

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 21,185-21,205 and for the dollar 11,000-11,050. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.7764	+2.50	+1.46	±1.5368
Danish Krone	7.91117	7.93384	+0.29	−0.75	±1.6412
German D-Mark	2.40989	2.44976	+1.65	+0.61	±1.1077
French Franc	6.17443	6.18829	+0.22	−0.82	±1.3733
Dutch Guilder	2.66382	2.67923	+0.58	−0.46	±1.5063
Irish Punt	0.684452	0.690064	+0.82	−0.22	±1.6698
Italian Lira	1300.67	1311.61	+0.84	+0.61	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.
Sterling/ECU rate for December 8 — 0.563655

EXCHANGE CROSS RATES

Dec. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.927	4.335	419.5	10.94	3.518	4.735	2316.	2.280	73.75
U.S. Dollar	0.519	1.	2.250	217.7	5.677	1.825	2.457	1202.	1.183	38.27
Deutschemark	0.231	0.445	1.	96.77	2.524	0.811	1.092	534.1	0.526	17.01
Japanese Yen 1,000	2.384	4.594	10.33	1000.	26.08	8.385	11.29	5520.	5.435	175.8
French Franc 10	0.914	1.761	3.963	383.5	10.	3.215	4.328	2117.	2.084	67.41
Swiss Franc	0.284	0.548	1.232	119.3	3.110	1.	1.346	658.5	0.648	21.97
Dutch Guilder	0.211	0.407	0.916	88.60	2.310	0.743	1.	489.0	0.482	15.58
Italian Lira 1,000	0.432	0.832	1.872	181.2	4.725	1.519	2.045	1000.	0.985	31.86
Canadian Dollar	0.439	0.845	1.901	184.0	4.798	1.543	2.077	1016.	1.	32.35
Belgian Franc 100	1.356	2.613	5.878	568.8	14.83	4.769	6.420	3140.	3.092	100

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 12 7/16	offer 12 9/16	bid 13	offer 13 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅜-14⅞	11½-11¾	16-17	11⅛-11¼	4½-5	10¼-10⅝	15⅛-15⅝	18-20	12½-13⅛	5¾-6
7 days' notice	14⅝-14⅞	11⅝-11⅞	16-17	11⅛-11¼	4¾-5¼	10½-10⅝	15⅛-15⅝	24-28	14½-18½	6⅜-6½
Month	14⅝-14¾	12⅛-12¼	16⅝-17	11-11⅛	9⅛-9⅜	10⅜-10⅝	15⅞-16¼	24-25⅝	17½-19	6⅛-6⅜
Three months	14⅝-14¾	12¼-12½	16⅝-16¾	11-11⅛	9½-9⅝	10⅜-10½	16⅜-16⅞	23¾-25	18⅜-19⅛	6⅛-6⅜
Six months	14⅝-14¾	13-13¼	15⅞-16¼	11-11⅛	9⅛-9⅜	10⅛-10⅜	17⅜-17⅞	23¾-25	18⅛-18⅝	6⅛-6⅜
One Year	14⅝-14¾	13½-13¾	15⅞-16¼	11-11⅛	8⅛-8⅝	9⅞-10⅛	17¾-18¼	23¾-24¾	17¼-17¾	6½-6⅝

SDR linked deposits: one month 11⅞-11⅞ per cent; three months 11¾-12⅛ per cent; six months 12⅛-12⅞ per cent; one year 12⅜-12⅞ per cent.
ECU linked deposits: one month 13⅞-14⅛ per cent; three months 13⅞-14⅛ per cent; six months 14-14⅛ per cent; one year 14-14⅛ per cent.
Asian $ (closing rates in Singapore): one month 12⅛-12⅜ per cent; three months 12⅜-12½ per cent; six months 12⅞-12⅞ per cent; one year 13⅛-13⅛ per cent. Long-term Eurodollar two years 14¼-14½ per cent; three years 14⅝-14⅞ per cent; four years 14¾-15 per cent; five years 14⅞-15⅛ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one month 11.95-12.05 per cent; three months 12.05-12.15 per cent; six months 12.65-12.75 per cent; one year 12.50-12.60.

MONEY MARKETS

Small shortage

London clearing bank base lending rates 14½ per cent (since December 4)

Short-term rates were hardly changed in the London money market yesterday while longer term rates rose slightly, reflecting disappointment over the latest money supply figures. One-month sterling CDs were quoted at 14½-14⅜ per cent compared with 14⅞-14⅜ per cent while the six-month rate rose sharply to 14⅜-14⅛ per cent *from 14⅛-14⅜ per cent.* The shortage of day-to-day credit was estimated by the Bank of England at around £50m, slightly below market expectations, and discount houses were able to pick up funds without paying more than 14½ per cent in most cases. Later balances were taken as low as 13 per cent.

Factors affecting the market included Exchequer transactions +£20m, offset by bills maturing in official hands −£40m and the unwinding of sale and repurchases agreements −£70m. The Bank gave no assistance during the morning but bought £61m of bills in the afternoon. These comprised £6m of elegible bank bills in band 1 (up to 14 days) at 14½ per cent and £55m of eligible bank bills in band 2 (15-33 days) at 14½ per cent.

Overnight money in the inter-bank market opened at 14½-14⅞ per cent and eased to 14½-14⅜ per cent before coming back to spend most of the morning at 14⅜-14¾ per cent. Rates dipped to 14½-14½ per cent after lunch and touched a low of 10-12 per cent. Very small balances were taken late in the day up to 15 per cent.

In Frankfurt short-term funds were in scant supply, pushing call money up to 10.60 per cent, above the special Lombard rate *of 10.5 per cent. Funds were* drained by expiring currency swaps with large tax payments also due later this week. The Bundesbank has tried to deter banks from using the special Lombard facility too much by providing funds through paper repurchase agreements. However these may not have been sufficient to cover expected *shortages and the authorities* arranged further currency swaps estimated at DM 3bn.

In Paris the Bank of France injected liquidity into the money market by purchasing around FFr 5bn of first category paper at an unchanged rate of 15¼ per cent. The bills mature between December 26 and 30. Call money was quoted *at 15⅛ per cent, down from* 15½ per cent on Monday, and its lowest level since the middle of May. In that month call money rose from 12½ per cent at the beginning to 20 per cent after the election of President Mitterrand and continued pressure on the franc.

In Zurich major Swiss banks *announced reductions in deposit* rates. The rate on three to five months deposits remains at 5½ per cent while the six to eight month rate has been cut to 8¼ per cent from 8½ per cent, *for nine to 11 months to 8 per* cent from 8½ per cent and the one-year rate to 7¾ per cent from 8 per cent. Yesterday's move brought rates more into line following last week's half point reduction in the Swiss Lombard rate to 7 per cent.

GOLD

Firmer tendency

Gold rose $2 to $418-419 in the London bullion market. Trading began at $417½-418½, and the metal was fixed at $417.25 in the morning and $415.25 in the *afternoon. It touched a high* point of $419-420 and a low of $414-415.

In Paris the 12½-kilo gold bar was fixed at FFr 76,900 per kilo ($421.20 per oz) in the afternoon, compared with *FFr 76,900* ($422.12) in the morning, and FFr 76,300 ($422.00) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 30,270 per kilo ($419.01 per oz) compared with DM 30,010 ($419.01) previously, and closed at $417-418, against $415½-416½.

In Luxembourg the 12½-kilo bar was fixed unchanged at the the equivalent of $418 per oz.

In Zurich gold finished at $415-418, compared with $416-419.

	Dec. 8		Dec. 7	
Gold Bullion (fine ounces)				
Close	$418-419	(£216½-217)	$416-417	(£214-214½)
Opening	$417½-418½	(£215-215½)	$418½-419½	(£215-216½)
Morning fixing	$417.25	(£215.244)	$417.25	(£214.007)
Afternoon fixing	$415.25	(£216.490)	$416.75	(£213.861)
Gold Coins				
Krugerrand	$430½-431½	(£222¾-223¼)	$429-430	(£221-221½)
1/2 Krugerrand	$222-223	(£115-115½)	$221-222	(£113¾-114¼)
1/4 Krugerrand	$113-114	(£58½-59)	$112-113	(£57¾-58¼)
1/10 Krugerrand	$46-47	(£23¾-24¼)	$46-47	(£23¾-24¼)
Mapleleaf	$431½-432½	(£223¼-223¾)	$430-431	(£221½-222)
New Sovereigns	$102¼-102¾	(£53-53¼)	$101¾-102¼	(£52½-52¾)
King Sovereigns	$115-116	(£59½-60)	$115-116	(£59-59½)
Victoria Sovs	$115-116	(£59½-60)	$115-116	(£59-59½)
French 20s	$104-114	(£53¾-59)	$96-106	(£49½-54½)
50 pesos Mexico	$516-519	(£267-268½)	$514-517	(£264¾-266½)
100 Cor. Austria	$406-409	(£210-211¾)	$403-407	(£207¾-209¾)
$20 Eagles	$505-511	(£262-264½)	$505-511	(£260¾-263¼)

LONDON MONEY RATES

Dec. 7 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-15	14⅛-14¾	—	—	14⅞-15	13-14½	—	—	—
2 days notice	—	—	14⅛-14¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅝-14⅞	14⅝-14¾	—	—	14⅞-15	14¼-14⅝	—	—	—
One month	14½-14¾	14¾-14⅞	14¾	15⅛-14¾	14⅞	15⅛-15¼	14¼	14⅜-14⅜	14⅞	15⅛
Two months	14⅜-14⅜	14½-14⅝	—	15⅛-14¾	14½	15-15¼	14⅛-14¼	14⅜-14⅜	14⅞	14⅞
Three months	14⅞-14¾	14½-14⅝	14⅝	15⅛-14¾	14⅝	15-15¼	13⅞-14⅛	13⅞	14⅜-14⅜	14¾
Six months	14⅜-14⅛	14⅝-14¾	14⅛	14¼-13⅞	14⅝	14⅞	—	—	13⅝-13⅞	14¼
Nine months	14⅝-14⅛	14⅛-14⅜	—	14¾-14⅝	14⅝	14⅜	—	—	—	—
One year	14⅝-14⅞	14⅛-14⅝	15⅛	14¾-14⅝	14⅛	14⅝	—	—	—	—
Two years	—	—	14⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage* rates nominally three years 13¾ per cent; four years 14⅞ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14-14⅛ per cent; four months trade bills 14⅝ per cent.

Approximate selling rate for one month Treasury bills 14⅜-14⅝ per cent; two months 14⅜-14⅝ per cent; three *months 13⅞ per cent. Approximate selling rate for one month's bank bills 14⅜-14⅝ per cent; two months 14⅜-14⅝ per* cent; and three months 14⅜-14⅛ per cent; one month trade bills 14⅞ per cent; two months 15⅛ per cent; three months 14½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from December 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 12½-12¾ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rate of discount 13.7583 per cent.

MONEY RATES

NEW YORK

Prime rate	15½-15¾
Fed funds	11⅞-12⅛
Treasury bills (13-week)	10.23
Treasury bills (26-week)	10.56

GERMANY

Special Lombard	10.50
Overnight rate	10.60
One month	10.80
Three months	10.625
Six months	10.275

FRANCE

Intervention rate	15.125
Overnight rate	15.4375
One month	15.3125
Three months	15.3125
Six months	15.3125

JAPAN

Discount rate	6.25
Call (unconditional)	7.125
Bill discount (three-month)	7.15625

APPOINTMENTS

Barclays finance post

Mr Gordon Adam will be taking up a new general manager post in BARCLAYS BANK, on March 1 reporting to the group vice-chairman with responsibility for finance and planning. He will remain a director of Barclays Bank UK and Barclays Bank Trust Company.

★

Mr Robin Hoyer Millar, at present a regional general manager of Barclays Bank UK, will succeed Mr Adam as executive deputy chairman of Barclays Bank Trust Company. Mr Hoyer Millar will also become a director of the Trust Company, on January 1.

★

Mr A. R. Hardy has been appointed managing director of HALCROW ULG from January 1. Mr P. J. Goddard becomes chairman in succession to Mr C. L. Clarke who remains a member of the board. Other members are Mr R. S. Baxter, Mr R. F. Camacho, Mr R. G. Taylor, Mr J. L. Gould, Mr W. A. Saunders and Mr J. P. Bedford. The company secretary is Mr A. C. Cadwallader.

★

Mr Michael Jones, formerly insurance manager of British Aerospace (Aircraft Group), has been appointed a divisional director of the aviation division of ANTONY GIBBS, SAGE.

★

Mr Eric Glover has been appointed secretary-general of THE INSTITUTE OF BANKERS from March 1. He is at present deputy secretary and director of studies of the Institute, and will succeed Mr Geoffrey Dix, who retires at the end of February.

★

Mr Kenneth M. Hack is to be appointed director of industrial relations of the CHEMICAL INDUSTRIES ASSOCIATION to succeed Mr J. T. Collins who retires in July. Mr Hack takes up his appointment on March 1.

★

Mr Michael Blythe, formerly of Noble Denton and Associates, has joined PERMARGO INTERNATIONAL as executive vice president and general manager.

Mr J. M. Menzies, chairman of John Menzies (Holdings) has been appointed a non-executive director of IVORY AND SIME (HOLDINGS).

★

Mr Alexander Gordon Catto, Mr Lee Oi Hian and Mr Allister Patrick McLeish have been appointed to the board of YULE CATTO & CO. Sir Campbell Adamson resigns on December 31.

★

SUN LIFE ASSURANCE COMPANY OF CANADA has made three appointments in its British division: Mr Paul A. Littleton has been appointed assistant vice president, agencies; Mr Tim W. Price has been appointed a director of agencies; and Mr Paddy C. J. Germain has been appointed a director of agencies.

★

Mr D. A. Beety has been appointed a non-executive director of DEVITT (AVIATION), part of the Devitt Group.

★

Mr Michael Lunn has been appointed director and general manager of WHYTE AND MACKAY.

★

Mr Howard Thomas is to retire as chairman of THAMES TELEVISION INTERNATIONAL, the overseas programme sales division of Thames Television on December 31 and will be succeeded by Mr Bryan Cowgill, who is managing director of Thames Television.

★

Mr Colin Munday has been appointed finance director, and Dr Laurence Hagan as planning and research director of EVERETT'S.

★

Mr Geoffrey S. Moyse has been appointed finance director and company secretary of TAMWADE.

★

J. E. England and Sons (Wellington) has appointed Mr J. F. Archer as managing director of wholly-owned subsidiary, MOSS-PAK, of Stoke-on-Trent.

★

Sir Peter Trench has been re-appointed as chairman of the NATIONAL HOUSE BUILDING COUNCIL, to serve a further three year term.

★

Mr Mike Herson has joined PASTA FOODS, St Albans, as marketing director.

★

The director general of the National Economic Development Office has appointed Bryan Quilter as chairman of the DOMESTIC ELECTRICAL APPLIANCES SECTOR WORKING PARTY of the National Economic Development Office. He is a director of the Granada Group.

★

Mr Charles Turnell has been appointed contracts director of WALTER LAWRENCE AND SON. He was previously a construction manager.

★

Mr Colin D. Lever will become senior partner of BACON AND WOODROW, consulting actuaries, on January 1. He will be succeeding Mr R. W. Abbott who becomes a consultant partner on that date.

★

Mr J. C. Barclay, chairman of Cater Allen and vice chairman of Cater Allen Holdings, has been appointed a director of ALLEN HARVEY AND ROSS INVESTMENT MANAGEMENT and a director of Allen Harvey and Ross Unit Trust Managers.

★

Mr David S. Wadsworth has been appointed to the board of THE SOLICITORS' LAW STATIONERY SOCIETY, as financial director. He joined the company last January as head of finance. Following the sale of the publishing interests, Mr J. F. Platt, who is now employed by the Longman Group, has resigned from the board of Solicitors' Law.

★

Mr Neville Jarvis has been appointed managing director of PALMER-SHILE UK-based subsidiary of a Detroit storage racking manufacturer.

★

Mr W. H. Hall will be joining the board of J. W. SPEAR AND SONS as financial director from January 1.

CONTRACTS

CONTRACTS

£32m Victoria block for Robert McAlpine

Work starts immediately on the £32m contract awarded by Greycoat Estates to **SIR ROBERT McALPINE MANAGEMENT CONTRACTORS** for the construction of an office block over platforms 9-19 at Victoria Station. Norwich Union will be funding the new development.

★

Denham Developments' subsidiary — **DENHAM BUILDERS** Ingatestone, has negotiated the £227,000 contract for a new 21,000 sq ft factory and office building for G. M. Billings and Sons at Oakwood Hill Estate, Debden, Essex.

★

BOVIS CONSTRUCTION has a £256,000 contract from accommodation in an existing warehouse at 1000 North Circular Road, London, NW2. The Boots Company has awarded Bovis a building contract for a retail store at Truro, Cornwall.

★

Three contracts, totalling over £1.9m have been secured by **SHEPHERD CONSTRUCTION**, to build homes, maisonettes, bungalows and flats for the housing association market.

The largest of these contracts, worth £780,000, has been placed by Anchor Housing Association for 50 flatlets for active old people, plus wardens' accommodation in Hall Lane, Baguley, Manchester.

★

Orders received recently by **NORMALAIR-GARRETT**, part of the Westland Aircraft Group, total £1.88m. Over £1m of this was for export. Pneumatic and air conditioning equipment, ranging from cooling systems for aircraft electronics defence "pods" to pressurisation controls, accounted for £1,396,000 (exports £942,000).

★

PHILIPS BUSINESS SYSTEMS, communication and control division, based in Cambridge, has been awarded a contract by the Strathclyde Regional Council for the design and installation of the Glasgow area traffic control scheme. Designated CITRAC II, it is worth in the region of £2m over two years. The latest scheme will cover the City of Glasgow and parts of Renfrew, Lanark and Dumbarton, and extends over an area of some 500 square miles. Within this area, sets of traffic signals and pelican crossings will be controlled by the CITRAC system connected initially to 400 local traffic signal controllers. Special attention has been paid to the needs of the Fire Service through a fire priority routing programme which will set the route for the appliances and ensure they receive a "green wave" on their way to an incident. Other facilities to be made available are diversion routing and car park information.

★

JOSEPH NADIN CONTRACTING has been awarded part of a major insulation contract at the Mobil oil refinery, Coryton. It is anticipated that the value of the complete contract could be in excess of £1m.

★

Two contracts totalling nearly £600,000 have been won by the inspection group **METAL AND PIPELINE ENDURANCE**. Non-destructive testing and engineering inspection for Wm. Press and Son during the construction of two major offshore modules by Haverton Hill Fabrications; and non-destructive testing services on pipework associated with the LNG storage installation being constructed by Wm. Press for British Gas at Dynevor Arms, near Merthyr Tydfil.

★

Other new contracts include a £330,000 scheme to refurbish 58 council houses at Mayhill, Swansea, for the City of Swansea, and structural repairs to an eight storey residential tower block belonging to the University Hospital of Wales, Heath Park, Cardiff.

WORLD STOCK MARKETS

Early fresh Wall St decline

MONDAY'S EASIER trend on Wall Street continued yesterday morning in fairly heavy trading, although the market was above the worst at mid-session.

The Dow Jones Industrial Average, which lost 5.70 the previous day, relinquished some six points more before picking up to 883.37 at 1 pm, a net 3.62 below the overnight level. The NYSE All Common Index was 23 cents lower at $72.42, while declines led advances in the ratio of two-to-one. Trading volume was further below recent high levels, coming to 29.51m shares, against Monday's 1 pm figure of 34.61m.

Analysts said investors continued to be concerned about the outlook for the U.S. economy. A recent Administration forecast that the Budget Deficit could exceed $100bn in each of the next three fiscal years was a major factor in the market's weakness, they added.

However, a firmer trend in the Bond market later that morning contributed to the subsequent partial rally in the stock market.

U.S. Steel eased ⅛ to $29⅝. It said it has received about 54m shares, or more than 90 per cent of Marathon Oil's outstanding stock, under its tender offer. Marathon did not open for trading yesterday morning. Mobil which had also bid for Marathon, slipped ¼ to $25¾.

Wieboldt Stores, which omitted its quarterly dividend and said that the Trump interests have withdrawn their merger offer, was down $1 at $4¾.

Among active issues, volume leader Standard Oil of Ohio was ahead ¾ to $45¼.

THE AMERICAN SE Market Value Index dipped 3.05 more to 322.93 at 1 pm. Volume 3.26m shares.

Canada

A further decline in stock prices occurred early yesterday in reasonably active dealings. The Toronto Composite Index was down 18.7 at 1,960.5 at noon, while Golds fell 50.1 to 3,122.3 and Oil and Gas 43.4 to 3,776.1.

Closing prices for North America were not available for this edition.

Tokyo

Constructions went down across a broad front on news that apartment sales have been sluggish. Contracts in November were reported to be at the lowest level for six years.

Motors like Nissan and Honda slipped back due to the possibility of tightened restrictions on exports to the U.S. in fiscal 1982, beginning next April.

Canon, Ricoh and other Precision Instruments showed a broad slide. Electricals were mixed in general, however, with Sony, TDK and some others registering good gains. TDK climbed Y100 and Sony Y20.

Steels were softer, losing the gains they had recorded in the prior session. Although these interest-sensitive shares are considered likely to obtain considerable benefits from a cut in Japan's Official Discount Rate, anticipated in the near future, they are not considered strong enough yet to sustain the upward mementum for a long period of time.

Pharmaceuticals, however, emerged from a week-long decline and bounced back briskly in anticipation of strong sales of their third-generation antibiotics. Fujisawa went up Y50, Green Cross Y20, Tanabe Y40 and Shionogi Y20.

Kyoto Ceramic soared Y170 to Y3,390 on development of new products, such as ceramic engines.

Machineries were firmer as well, in reaction to the recent downdrift that began with reports that the level of their inventories was rising. Investors were beginning to take a second look at these shares, brokers explained.

With Blue Chips facing profit-taking, the market displayed a downward trend yesterday, the first time for six trading sessions.

The Nikkei-Dow Jones Average lost 36.73 at 7,752.43 and the Tokyo SE index 1.91 at 571.52, while declining issues outnumbered rises on the First Market section by 386 to 286. There was again a moderate volume, amounting to 300m shares, compared with Monday's 280m.

The Nikkei-Dow indicator had been climbing steadily since Wednesday last week due to the downdrift in U.S. interest rates and prospects for lower Japanese interest rates.

Brokers said the average size of decline was not sharp but that declining issues included a variety of shares, including Constructions, Precision Instruments, Oils, Steels and Shipbuildings. On the other hand, bright spots were found among speculatives.

Hong Kong

Stocks tended to relinquish some ground yesterday in light trading, mainly reflecting the overnight retreat on Wall Street.

The Hang Seng Index shed 9.11 to 1,414.71, while combined turnover on the four exchanges amounted to HK$173.94m, down from Monday's HK$218.11m.

Brokers were now waiting for fresh incentives, as the local interest rate cut, announced last Friday, had had little impact on trading.

Cheung Kong lost 30 cents to HK$22.40, as did Swire Pacific "A" to HK$11.60, while Hongkong Land receded 15 cents to HK$9.85 and Hutchison Whampoa 10 cents to HK$18.30. However, Hongkong Telephone gained 10 cents to HK$24.60 and Jardine Matheson 20 cents to HK$18.60.

Australia

The market encountered significant profit-taking, but a range of firmer Industrial issues and the Oil and Gas sector provided a cushion. The All Ordinaries index managed to close 1.1 harder at 610.8.

Partners in the successful Jackson No. 1 well in the Cooper Basin, which has flowed oil at the rate of 2,500 barrels a day, generally met further strong demand.

Among the participants in the well, Claremont Petroleum was in heavy demand from both local and overseas investors and put on 22 cents more to A$1.50. Santos, A$6.60, Vamgas, A$11.40, and CSR, A$4.10, each rose 20 cents, while Oil Company was up a cent more to 50 cents.

Oils were generally firm, but Base Metal Mining stocks mostly eased, with Pancontinental off 30 cents at A$2.70 and CRA, A$3.06, and MIM, A$3.55, down 10 cents apiece.

Herald and Weekly Times relinquished 20 cents at A$3.00 as mystery continued to surround the buyer of shares equivalent to nearly 3 per cent of its capital in Melbourne on Monday.

Germany

Bourse prices were easier-inclined. Some foreign buying emerged, but in general investors were deterred by a stronger U.S. dollar, a weaker Domestic Bond market and the overnight Wall Street decline.

Singapore

Share prices were easier on balance on profit-taking after a higher opening. The Singapore Straits Times Industrial index receded 6.32 to 759.25.

Central Sugars declined 20 cents to S$13.30, Guthrie 18 cents to S$4.46, Straits Trading 25 cents to S$8.80 and Overseas Chinese Bank 30 cents to S$11.10.

Singapore Land fell 15 cents to S$9.80. The company announced that it has abandoned plans to buy five ship-owning companies through a one-for-five rights issue.

Johannesburg

Gold shares mainly eased in line with the Bullion price, but trading was slow and volume fairly small. Producer losses stretched to 125 cents, as in Hartles, R70.00.

NEW YORK

CANADA

BELGIUM (continued)

DENMARK

FRANCE

HOLLAND

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

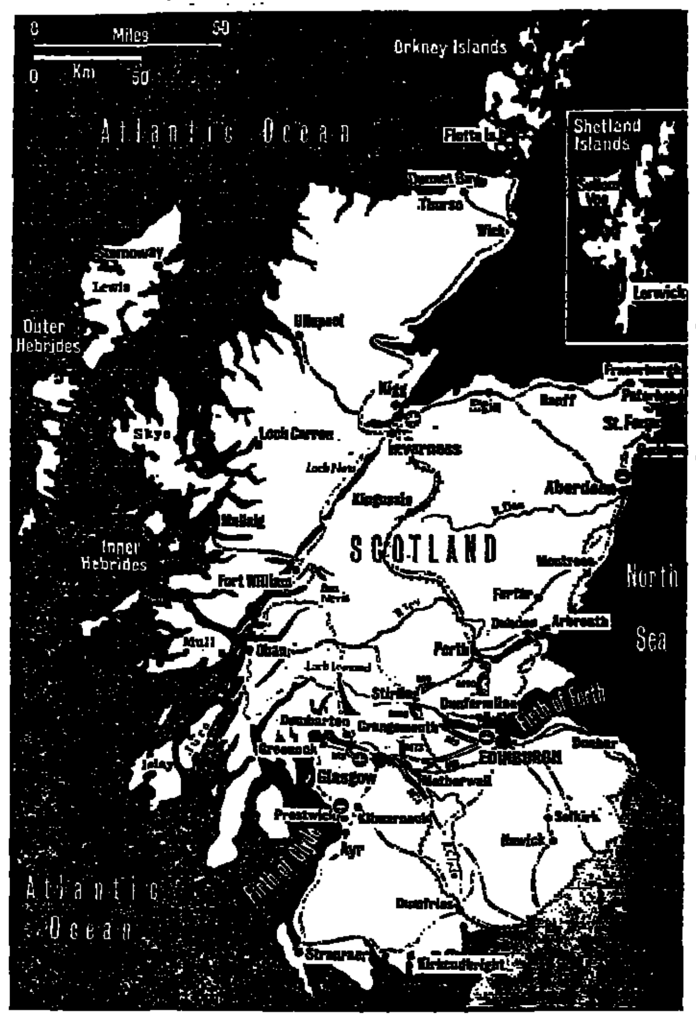
NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Southwest Forest	775,300	16¾	−⅛	Archer-Daniels	462,900	17⅞	+⅛
Revlon	702,900	31¼	—	Georgia-Pacific	459,100	22	−⅛
Exxon	538,700	32⅞	−⅜	IBM	411,400	53½	−1⅛
Bankamerica	523,300	23⅛	−⅜	Mattel	382,900	10⅝	—
Mobil	516,700	26⅝	−⅛	Amer. Elec. Pwr.	367,700	16⅝	−⅛

FINANCIAL TIMES SURVEY

Wednesday December 9, 1981

Scotland



It has been a bleak year for Scotland as more redundancies, and threats of clos ure, have struck deep into the economic and social fabric. Vigorous efforts to attract inward investment are having success but it is equally important to hold on to the skilled and able who might leave.

Painful process of change

By Mark Meredith
Scottish Correspondent

THE SCOTTISHNESS of Scotland's economy is under strain. The painful process of structural change has left Scotland without its base of heavy industry of which it was proud.

New industries are growing up but the effect of the change has been to make the Scottish economy more like the rest of the UK.

The contraction in manufacturing since only the start of the 1970s may show, when the final count is made, that 130,000 jobs were lost from this sector.

This past year too looks like matching the previous with about 60,000 redundancies in Scotland as the Talbot Linwood works and Dunlop Tyre works shut down and major reductions in the workforce were anounced by Leyland at Bathgate, J. and P. Coats, Scottish and Newcastle Brewery and Hoover to name just a few.

And while the issue of devolution has largely lain dormant since 1979, the thrust of political pressure has been one of protest against the effects of large-scale industrial cuts in Scotland. There has also been gathering resistance by Scottish local councils to the powers of central Government, through the Scottish Office, to control local government spending.

For Mr George Younger, the Secretary of State for Scotland, it presents an unenviable task. Being part of a non-interventionist government he must, in theory allow the market forces to do their worst on weak elderly industries in Scotland. Yet as Secretary of State for Scotland and spokesman for a regional policy, he must defend these industries when closure or mass redundancies threaten to increase the strain on the social fabric.

Last month when BL announced it was dropping tractor production at its Bathgate plant and reducing the workforce by 1,365, Mr Younger found himself telling Parliament on one hand that the influence of the Scottish Office on BL had been very considerable and on the other that the decision on cuts remained that of BL.

Mr Younger, like Scottish Secretaries before him, goes from the basic assumption that a healthy Scottish economy is good for the UK as a whole. Neglect the region and decline sets in, more Scots emigrate and in the end Scotland could become an economic burden to the rest of the country.

Mechanisms

To further the interests of Scotland, Mr Younger has at his disposal an array of industrial shove mechanisms which are the envy of most other regions of Britain. He has the Scottish Economic Planning Department as part of the Scottish Office, an enlightened quango in the Scottish Development Agency bristling with economic strategies to promote new industry, and five Government-backed new towns still active in encouraging inward investment.

This extensive apparatus has successfully brought new industry to Scotland to replace the old. Red carpets of varying thicknesses in terms of financial incentives have encouraged the development of the micro-electronics industry and other sectors.

As a result Scotland announced prizes such as Nippon Electric, which decided to build a £50m plant at Livingston New Town to become the first Japanese silicon chip manufacturer in Scotland. Big expansions and extensions were also announced by National Semiconductor and Motorola.

Encouraging though this is, because so much of the industrial growth has been in the form of inward investment, much of it from multi-nationals or subsidiaries of large foreign companies, it is difficult to label them as Scottish. Inward investment in Scotland starts to look like inward investment anywhere in the UK.

A branch office of a world scale company looks the same wherever it is in the UK and this has led to fears of the effect of foreign investment which does not put down roots in Scotland and may pull them up again when economies must be made.

The objective being sought is to maintain Scotland as an alternative economic decision-making centre in the UK.

Keep a company headquarters in Scotland, the argument goes, and it will spawn other decision makers, research and development centres, it will help stem the emigration of skilled labour because the headquarters will be sensitive to local skill resources.

This comes out in the star industrial performers in Scotland such as John Brown Engineering of Clyde Bank which won a £103m order to supply gas turbines for the huge Soviet pipeline bringing gas to Western Europe. It comes out in Babcock and Wilcox of Renfrew or the Scottish whisky industry.

STATE OF THE PARTIES

	Seats
Labour	42
Conservative	22
SNP	2
SDP (defections from Labour)	2
Liberals	3
Total	71

The fortunes of the oil industry have created indigenous industries in Scotland ready to compete for the valuable supply and service contracts of offshore production.

Keeping the right people in Scotland and attracting others like them also accounts for the increasing government and private industry emphasis on promoting high technology industries.

To a certain extent beggars cannot be choosers and no one will turn down an offer to build an assembly plant employing several hundred workers, but it is the arrival of a headquarters that is greeted with triumph.

This past year a debate over the possible sale of the Royal Bank of Scotland to an outside bank has struck at the very core of "Scottishness." The bank is an economic decision-maker and a big one with nearly half the regional banking market. It is the UK's fifth largest clearing bank and a foundation block for the thriving financial community in Edinburgh.

Some of the strongest submissions to the Monopolies and Mergers Commission, in its hearings over the possible takeover of the bank and its effect on the public interest, have warned of the potentially dangerous effect the loss of the bank's independence would have on the financial community and hence on much of the business confidence in Scotland.

George Younger: unenviable task

Because the Bank is not a a nuts and bolts industry but part of the service sector, the possible takeover cannot be compared with an issue such as the closure of a Linwood or a Singer works, to name but two of the gloomy list of losses which have rocked Scotland over the past four years.

The Bank issue has concentrated minds on the question of whether "Scottishness" is worth keeping.

The Scots feel proud of their export orientation and recent figures published by the non-governmental Scottish Council (Development and Industry) show Scotland with a higher pro-rata share of UK exports.

Behind this is "Scottishness," a feeling that a Made in Scotland label has a better chance of selling than Made in UK.

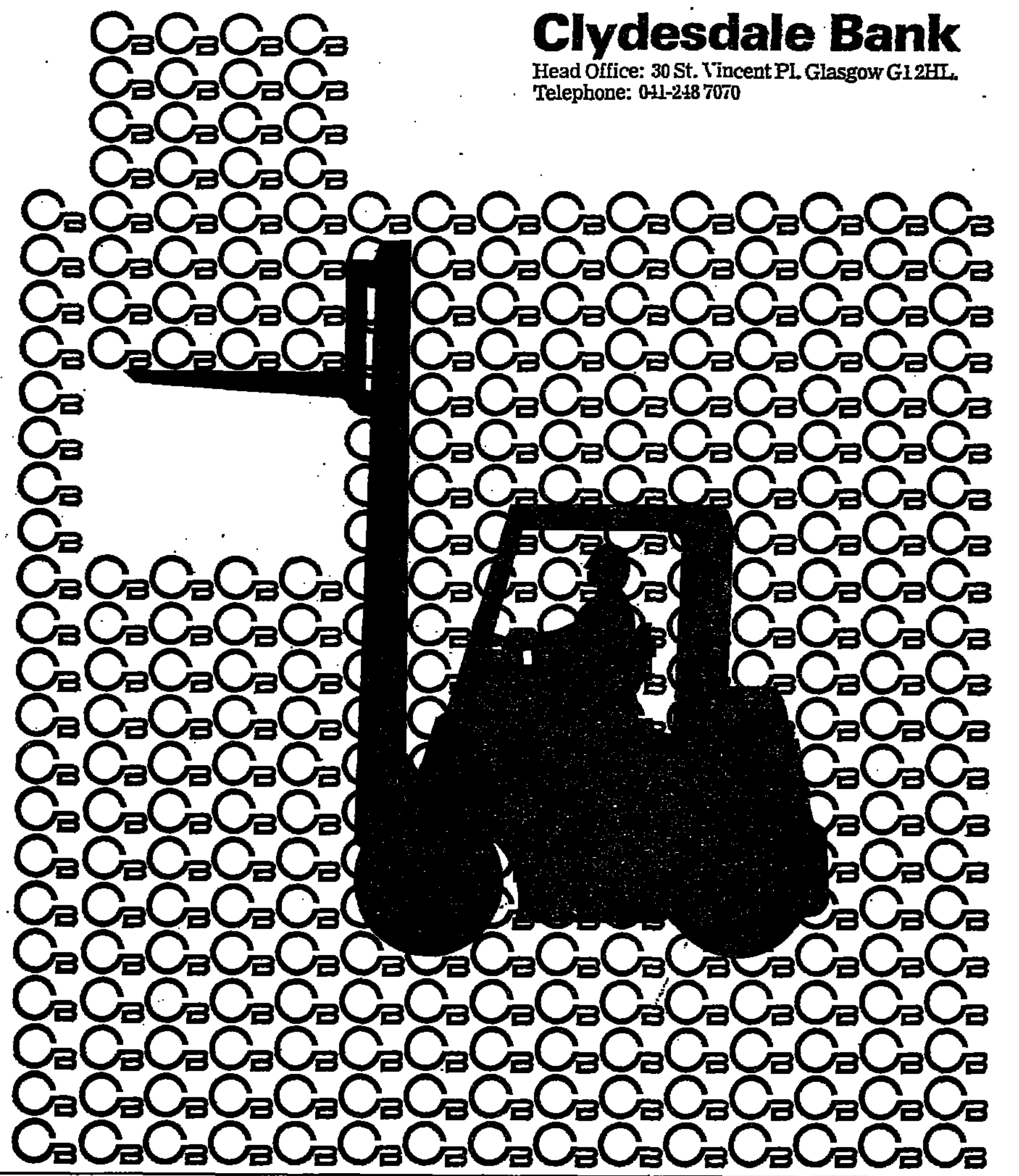
Government and industrialists alike feel that when major closures or changes make the Scottish economy more of a branch office for the rest of the country the number of Made in Scotland labels starts to dwindle.

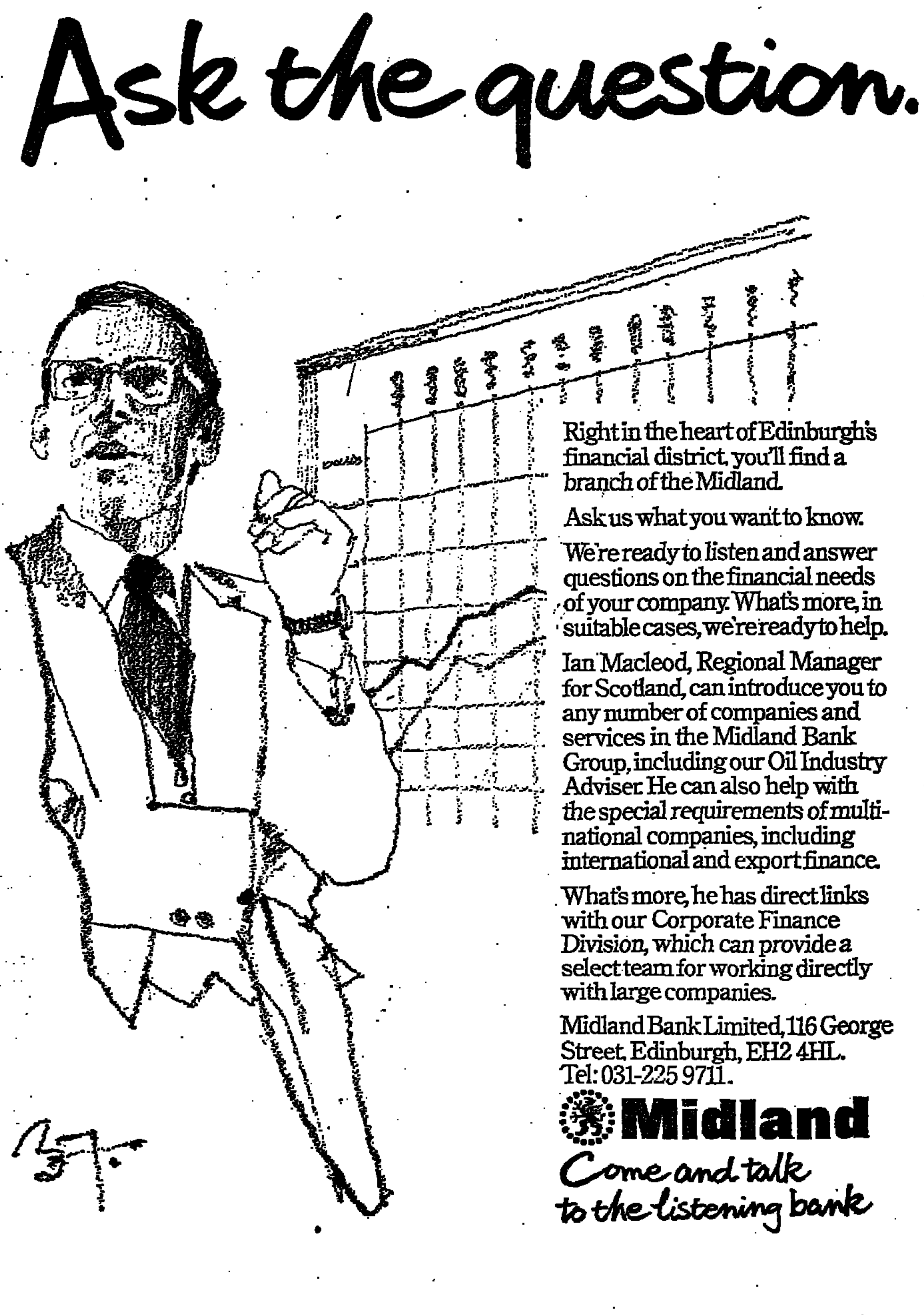
The regular international forum of the Scottish Council at Aviemore pointed in a discussion document to the need for a change of mind which would accept that Scotland was no longer the base for heavy industry and needed to adapt and embrace new areas of growth.

The Council, through its membership spanning industry and some trade union support, set out to stimulate enterprise and encourage economic activity. It urged Scottish business to offer good rates of return and to thus lose the reputation of being a source of funds rather than a destination for the application.

Running through both Government and industry is a concern about Scottishness not as a defensive reaction but really a positive state of mind, a concept synonymous with industrial revival and adaptability.

CONTENTS





SCOTLAND II

Split in Labour wipes out general election gains

Politics

by Mark Meredith

ANXIETY HAS been growing among the staff at Labour Party headquarters in Glasgow, and last month it was clear why. A System Three poll published in the Glasgow Herald revealed Labour has wiped out the gains it made at the general election in 1979 by falling a startling 10 points since September to 42 per cent of the poll. The poll showed the Conservatives with 14 per cent, the Liberal-SDP Alliance with 22 per cent and the Scottish Nationalists with 21 per cent.

Labour's support in Scotland is often referred to as a "tribal" vote: loyal, powerful and permanent. The party is still the strongest in the region, holding almost double the support of any other group, but the speed at which some of the tribe have become disaffected has unsettled officials.

A noisy dispute over local government spending cuts, in which Labour-run Lothian Regional Council lost to the Scottish Office, may have harmed the vote but party officials feel the big split in the national party's ranks has done the main damage. "To tell the truth, I think we are going to go down a lot further yet," confided one party worker.

The effects of the Labour split have been felt in Scotland. Two Labour MPs have defected to the Social Democrats and two other MPs are under pressure from the Left in their local constituencies. Mr Willie Hamilton, the anti-Royalist MP for Central Fife, and a moderate on the Labour scale, as well as Mr Ian Campbell in West Dunbartonshire come under pressure this month at re-selection conferences.

The Social Democrats are also behind the decline in Labour support. Robert MacLennan, the MP for Caithness and Sutherland, left Labour and is now the SDP's spokesman on Scotland. Dr Dickson Mabon, MP for Greenock, also quit Labour for the SDP.

The Alliance has taken steps to correct a weakness in its Scottish image by starting work on a devolution scheme. Every party has a devolution programme of some sort, but the SDP in particular was pictured in Scotland initially as being only lukewarm on the issue.

Having sunk to 15 per cent on the opinion polls earlier in the years, the Scottish Nationalists have made a modest comeback to 21 per cent in the November System Three poll. The party adopted a more Left-wing posture of civil disobedience at its annual conference in Aberdeen in May. Some of the more active plans of the Scottish Resistance, as the party calls it, have unsettled the leadership which have tried to filter out gestures which it fears might discredit the SNP.

The Nationalists have set their sights on the unions as well as protest groups such as the anti-nuclear lobby, adopting strong stands against unemployment and demanding the removal of nuclear weapons from Scottish soil.

For a party which, in the 1930s, held an overall majority of votes in Scotland, the Conservatives can hardly do much worse. They have halved their support since the General Election (31 per cent down to 14 according to the opinion poll) and over the year have lost 5 per cent of their backing.

The party's Scottish ministers have been in the thick of some of the extremely unpopular closures and redundancies, defending the Government's decision not to intervene when the closure of a non-viable company seems inevitable. It seems the Conservatives are hoping to weather the storm and hope for an improvement in the ratings as election time approaches.

Politics in Scotland have really been most active at the local level. Regional council elections in May should also provide a good picture of Scottish party sympathies. These elections have been made more relevant as a national weather-vane by the realignments of the boundary commission which will make the parliamentary constituencies conform more closely with the regions.

The SDP/Liberal Alliance plan to divide the field between them. Sending out 150 candidates each. The Alliance has two local by-election victories under its belt, having won at East Kilbride and at Lochwinnoch-Bridge of Weir.

Labour has staked a lot on defending local councils against government moves to reduce the level of local government spending. But the defeat of Lothian Regional Council in its battle with the Scottish Office may have harmed party prospects elsewhere, according to Labour councillors in neighbouring Strathclyde which has just taken up cudgels against the Government.

The fight in Lothian became a radical dispute, with Lothian's Labour group claiming they were the first line of resistance against spending cuts throughout the UK.

Mr George Younger, the Secretary of State, won parliamentary approval for powers enabling him to stop the Government's rate support grant to local councils whose spending was considered excessive and unreasonable. It worked, and Lothian cut expenditure by £30m but without the much heralded cuts in staff and services.

PERFORMANCE OF SCOTLAND'S BANKS

	Year end	Assets £m	Pre-tax £m	Equity £m	Debt £m	Pre-tax profit average assets %	Net income/ equity %	Equity/ assets %	Loans/ assets %
Bank of Scotland	Feb 1981	3,568	43.3	237.9	—	1.37	18.47	6.67	68.8
Royal Bank of Scotland	Sept. 1980	3,556	49.2	259.6	44.0	1.52	13.79	7.30	65.0
Clydesdale Bank	Dec. 1980	1,626	24.5	108.4	—	1.62	13.84	6.67	62.94

Hard debate on Royal Bank bids

Banking

by William Hall

WITHIN THE next few weeks the Monopolies and Mergers Commission should complete its report on the bids to take over the Royal Bank of Scotland Group, and the commission's findings will have important implications for the whole of Scottish banking, not just the Royal Bank.

Few issues have ever been so hotly debated in Scotland's banking parlours as the case for and against the two £500m bids by Standard Chartered Bank and the Hongkong and Shanghai Banking Corporations for Scotland's premier bank.

The story began about 18 months ago when Lloyds, smallest of the Big Four London clearing banks, made informal approaches to the Royal Bank, in which it already had a 16 per cent stake. The approaches were rebuffed but the move gave Sir Michael Herries, the Royal Bank's chairman, and Mr John Burke, the group's chief executive, an unhappy reminder that there were a number of banks around the world that had been doing their sums about the Royal Bank and its English sister bank, Williams and Glyn's, and liked what they saw.

The Royal Bank's directors decided that the best course of action would be to throw in their lot with a friendly bank which was big enough to give the Royal Bank the international base it so badly wanted, yet was not so big that the Royal Bank group lost its identity.

It so happened that another UK bank, Standard Chartered, had been giving considerable thought to its long-term future, and had decided that if it was going to remain independent (various predators had already eyed it from time to time), it needed a sizeable UK base.

A merger of the Royal Bank of Scotland and Standard Chartered Bank seemed the ideal marriage. Royal Bank would get the international exposure it so badly wanted and Standard Chartered Bank would gain the safe UK deposit base it needed. From the Bank of England's point of view, too, it looked an ideal match, adding to the competition in the UK banking sector, and the combination of the two banks (perhaps called the Royal Standard) looked like producing an institution stronger than the sum of its two parts. On their own both banks are vulnerable to foreign takeovers.

The logic of the deal was impeccable. However, the Royal Bank's board made the mistake, in many people's eyes of agreeing to too low a bid from Standard Chartered. The price was well below net asset value.

Since it is rare for a clearing bank to change hands it is hard to know what they are really worth, but many bankers felt that the initial Standard Chartered bid was far too low. This, at least, is the explanation given by Mr Michael Sandberg, chairman of the Hongkong and Shanghai Bank, which quickly put in a much higher bid for the Royal Bank.

Royal Bank was unimpressed and reiterated that it wanted to merge with Standard Chartered, which by then had raised its bid. Meanwhile, the Bank of England had let it be known that it was most unhappy about the way the Hongkong and Shanghai Bank had flouted its rules and pressed ahead with its bid in the face of the Bank's displeasure.

The whole matter was then put on ice by referring the two rival bids to the Monopolies Commission in May and, after being granted a three-month extension, the commission is expected to report before the end of next month. Given the time it takes to print reports, the fact that it has to be signed by all the members and the imminence of the Christmas period, the feeling is that the report will be with the Government some time within the next few weeks.

Two key issues are expected to dominate the report. The first is the Scottish dimension of the rival bids, and the question of the harm any takeover will do to the Scottish economy. There are very real fears in Scotland that the loss of control of Scottish institutions is damaging and that the takeover of the Royal Bank will accelerate the trend for control to drift south.

However, the matter is complicated since Williams & Glyn's, the English subsidiary, contributes more than half the profits of the group and, given the importance of the Royal Bank's own English branches, the group arguably is more English than Scottish.

The majority of the Scottish interests consulted by the MMC were hostile to the Royal Bank losing its independence. Nevertheless, the importance the Monopolies Commission will give to these feelings is debatable especially given the size of Williams & Glyn's contribution to profits.

The second, and equally sensitive, question to which the Monopolies Commission will have to address itself, is the implications of the two bids for the Bank of England's supervisory role in the banking community. The Bank has indicated that the Hongkong Bank's bid for the Royal Bank group conflicts with its 1972 rules on takeovers and mergers in the UK banking industry. The Hongkong Bank has taken legal advice and says the rules do not apply to it.

This throws into question the Bank's traditional control over structural changes in the UK banking system and also throws doubt on any future undertakings the Hongkong Bank might give about observing the Bank of England's guidelines.

The Bank of England has been flouted before. Indeed, the move by the Commercial Bank of Scotland (now part of the Royal) to acquire the Scottish Midland Guarantee Trust (the forerunner of Lloyds and Scottish) was made in the face of The Bank's disapproval. Commercial Bank persevered and its initiative has been followed by all the big clearing banks with the result that ownership of finance houses is now considered normal.

Nevertheless, the Bank of England feels that the Hongkong Bank's bid for the Royal Bank of Scotland is a very important challenge to its customary authority and could lead to other bids for UK clearing banks.

The Bank of Scotland, in which Barclays has a one-third stake, is known to be worried that one side-effect of the Commission's report might be the advocacy of an open-door policy for foreign bids for clearing banks, which could threaten its continued independence.

The debate over the future of the Royal Bank of Scotland has overshadowed all other events in the Scottish banking community in recent months. Nevertheless, the pressures which forced the Royal Bank to look for a larger partner are facing the other two clearing banks, the Clydesdale (owned by the Midland Bank) and the Bank of Scotland.

Traditionally, Scotland's clearing banks have been more profitable than their larger English cousins. However, their profitability is under pressure. They have to service an over-large branch network and their growth is tied closely to the fortunes of an economy that is far from buoyant.

According to Wood, Mackenzie and Co, the pre-tax profits of the Scottish clearing banks have grown at a compound rate of 17.5 per cent a year over the last five years while the profits of the London clearing banks have grown by 28 per cent a year.

The difference in performance is underlined over the last year to mid-October. The Bank of England's banking statistics show that the growth in assets of the Scottish banks slipped from 21.1 per cent in 1980 to 19.8 per cent in the year to October 1981. By contrast, the London clearing banks boosted their asset growth from an annual rate of 17.2 per cent in 1980 to 25.1 per cent in 1981.

The slowdown in the business of the Scottish banks has been most marked in their sterling lending to the private sector. Having grown by 32.8 per cent in 1980, growth has slowed to 11.8 per cent in the year to October 1981. Against this background the pressure is on the Scottish clearers to diversify and find new sources of revenue.

In common with the London clearing banks, Scotland's have been expanding their international business as rapidly as they can. In the year to mid-October foreign currency deposits of the Scottish banks grew by over 50 per cent to £2bn. This compares with a growth of 24.1 per cent in the previous year. However, it takes time for small banks to build up their foreign business and competition is fierce. This is one of the main reasons why the Royal Bank group wants to join an established international bank.

The Bank of Scotland has a different philosophy and is anxious to diversify internationally. North America seems the main area of interest and the bank is believed to be looking to acquire a U.S. bank. It has raised no foreign currency debt and brokers Wood Mackenzie believe the bank could afford to spend £100m-plus on a U.S. bank.

Scotland's banks are also diversifying their earning sources by building up their business in England. The Bank of Scotland's finance-house subsidiary, North West Securities, is expanding rapidly and its profits are expected to nearly double to £10m in the current year.

Meanwhile, the bank's merchant banking arm, British Linen Bank, is also being expanded rapidly. Finally, the Bank of Scotland is opening branches in English provincial cities. Until now it has had English branches only in London, but within the last year it has opened in Birmingham and Bristol and has several more sites in prospect.

Clearing banks' profits

£m	London	Scotland
1970	216	25
1971	273	25
1972	381	34
1973	571	51
1974	430	53
1975	428	52
1976	701	74
1977	906	84
1978	1,095	94
1979	1,563	121
1980	1,456	117

Total of Bank of Scotland (end-Feb.), Clydesdale (end-Dec.) and Royal Bank of Scotland (end-Sept.)

Source: Wood, Mackenzie and Co.

Closures and unemployment still expected to get worse

The Economy

by Mark Meredith

THE STORY is familiar. The Scottish economy went through a bleak year with more heavy job losses in the continued shakeout of heavy industry.

Groping around *for* some signs of encouragement, the CBI's quarterly trends for Scotland in October noted some signs of stabilisation in output. In short, things are not worsening as quickly as they were.

Scotland continues to fare poorly in relation to the rest of the UK and large-scale closures and redundancies cannot be offset by the creation of new jobs, largely because many of these new jobs are in small companies or in more automated and less labour-intensive work.

The present rate of unemployment, 13.5 per cent or 300,000 people excluding school-leavers, is likely to get worse and lag behind any general recovery in industrial output.

Offsetting some jobs gained in the service sector and construction, it seems that de-industrialisation in Scotland will have claimed a net 70,000 jobs between 1978 and 1985 according to a study by Warwick University.

The spectacular industrial casualty of the year was the closure of Chrysler's Linwood plant with the loss of over 4,000 jobs. Other body blows followed, virtually all of them in the heavy industry belt around Glasgow and in the south-west of Scotland. Dunlop said its crossply tyre factory at Inchinnan would shut with the loss of nearly 500 jobs, the BMK carpet factory at Kilmarnock went into receivership with 1,500 jobs, a Coats Patons subsidiary announced it would drop 1,000 from its Paisley factory. Jobs have been lost at the rate of 137 a day in Strathclyde, the region around Glasgow.

The opposition Labour Party and trade unions, angered by the losses, have repeatedly demanded that Government intervene to cushion the effect and reflate to create work. There have been dire warnings about the impact on the social fabric as workers use up their redundancy money.

The Government's response has been not to save the dying factories but to promise all the financial incentives through industrial grants for new industries growing up in these areas. But there has not been anything like the scramble to take advantage of these offers to create new industries which many Conservatives hoped. "It's projects we need now, not more incentives," Mr George Younger, the Secretary of State for Scotland, told a recent conference.

The despondency created by the structural changes has tended to cloud over the brighter news, including some large orders for ships, oil rigs and gas turbines. It has been difficult for the Government to radiate confidence in the great economic *opportunities* in this part of the world while the agonies of structural change have yet to run their full course.

The Scottish economy in the industrial heartland around Glasgow is in a painful state of readjustment, but there is also the prosperous land-based support for North Sea oil production in the north-east providing over 70,000 jobs. The economy *accounts for over half the fish* landed in the UK and is the largest centre for microprocessors in Western Europe, with nearly 40,000 people employed in electronics. It is also a growing banking and financial centre based largely in Edinburgh and accounting for 80,000 jobs and it is a resilient agriculture which is showing signs of pulling out of a bad patch.

Despite a Government industrial grant programme which tends to favour the manufacturing sector, some of the largest expansion has been in the service industries. In the absence of large-scale industrial start-ups, there has also been active encouragement to generate small firms with offers of financial aids, and nursery factory units but new company *formation in this area still* lagged behind the rest of the UK.

According to the index of industrial production, Scotland achieved continued growth in food, drink and tobacco, chemicals and petroleum products and electrical engineering. These were areas where the Scots did better than the UK as a whole. Metal manufacture, mechanical and instrument engineering and shipbuilding and vehicle production, however, declined faster than UK industry overall.

One of the objectives of an industrial strategy has been to staunch the outflow of skilled workers and management from Scotland through the active promotion of high technology. Get a firm to set up a Research and Development *department and you will attract the right* kind of people and help the region keep its important human resources.

In the view of Mr Edward Cunningham, head of planning and projects with the Scottish Development Agency, Scotland has made things worse for itself by failing to achieve con*certed action to exploit oppor*tunities. In terms of an industrial strategy, he said that during the rest of the 1980s there must be an emphasis on the timely identification of opportunities followed up by a definition of what support they need and then the mobilisation of resources to achieve this. He saw these opportunities in advanced technology, the development of small firms, oil related activities, and the exploitation of natural resources.

Not only do Scottish planners want to see the growth of the electronics industry, they want to see the results of microelectronics developments applied energetically into the *existing industries* so they can survive competition. After promoting microelectronics in Scotland the Scottish Development Agency has started a campaign to push another high technology spin-off which, to a large extent, will use microelectronics: the health care industry. Health care includes the whole area of medical diagnostic equipment and medical devices as well as pharmaceuticals.

Small firms have done poorly and, according to Mr Cunningham, will need the right combination of risk capital, industrial environment and real encouragement. The feeling is that a lot of such firms will make a dent in the unemployment figures despite their small numbers, will be a prime source of new product lines and a stimulus for competition.

Despite the prosperity of the oil sector, concern has been mounting about the future of the infrastructure on land that has built up around oil and gas production. The worry is that by 1990 the impact from oil-related servicing and manufacturing on Scotland's industry will probably taper off along with North Sea activities unless Scotland establishes itself firmly as capable of exporting oil technology.

The scene is thus set. In some ways it is *hard to expect* the entrepreneur to leap on to the stage following such a formidable overture of economic intelligence, financial incentives and cries of encouragement from the audience. He is often inhibited by large amounts of official backing and, whatever the amount of glad cries from those who don't stand to lose a lot of money from failure, it is still a lonely task for the entrepreneur starting up his own business in the midst of Scotland's continuing industrial gloom.

Government backing to stimulate jobs

New Towns

by Mark Meredith

SCOTLAND'S FIVE new towns were getting nervous earlier this year when plans were revealed for more of their English counterparts to be wound up as part of the general Government desire to reduce public spending.

But a policy statement by the Scottish Economic Planning Department in October put them more at ease. It expressed confidence in the five new towns as Government instruments for stimulating employment and underpinning the economy and it put off the start of their eventual winding-up at least until the end of the decade.

The new towns—East Kilbride, Cumbernauld, Livingston, Irvine and Glenrothes—were set up after the war to relieve urban congestion and create new centres for industrial growth as Scotland began the difficult process of shedding heavy industries which were no longer viable.

Together they provided homes for nearly 213,000 people and 76,000 jobs, of which 43,000 are in industry. The five have developed their own personalities and have had varying degrees of success in attracting new investment and creating new urban centres. They all offer new industries Government *special development area grants* plus their own packages of advanced factory space and advantageous rent or leasing schemes. Commercial rivalry among them has increased as they hunted for new companies ready to set up in Scotland.

The Government policy statement proposed that the five should only start to be wound up when they reach their designated population targets. East Kilbride, with 71,316 people and a target population of 82,500, is the only new town within sight of such targets and would be unlikely to reach the level before the end of the 1980s. Glenrothes would probably follow in the early or mid-1980s and the other three would not reach their targets before the late 1990s.

One reason for the policy statement was to get the five development corporations moving to reduce the debt burden *which eventually would* be handed over to the local and regional authorities when the new towns are handed back to the local community.

This has been done by curbing the amount of public housing undertaken by the corporations and turning as much of this over to the private sector as possible. The new towns will spend about £35m this year building homes. The Government would also like housing programmes to be more strictly jobs-led.

At present, taken in terms of the loans handed out by the Secretary of State for the new towns to cover their expenditures, the corporations cost the Government nearly £463m to run last year. Only East Kilbride is self-financing.

Also affecting the promotion of new towns this year has been the creation of Locate in Scotland, which combines the grant resources of the Scottish Economic Planning Department with the industrial promotion activities of the Scottish Development Agency to provide a single access for inward investment.

Some of the new towns prided themselves with their talents for wooing inward investment and it has taken some persuading to convince some chief executives of the need for a single strategy in handling new foreign investment.

Newly arrived companies and major expansion in each town are trumpeted loudly, although the effect of the recession on employment meant a net loss of 7,600 jobs.

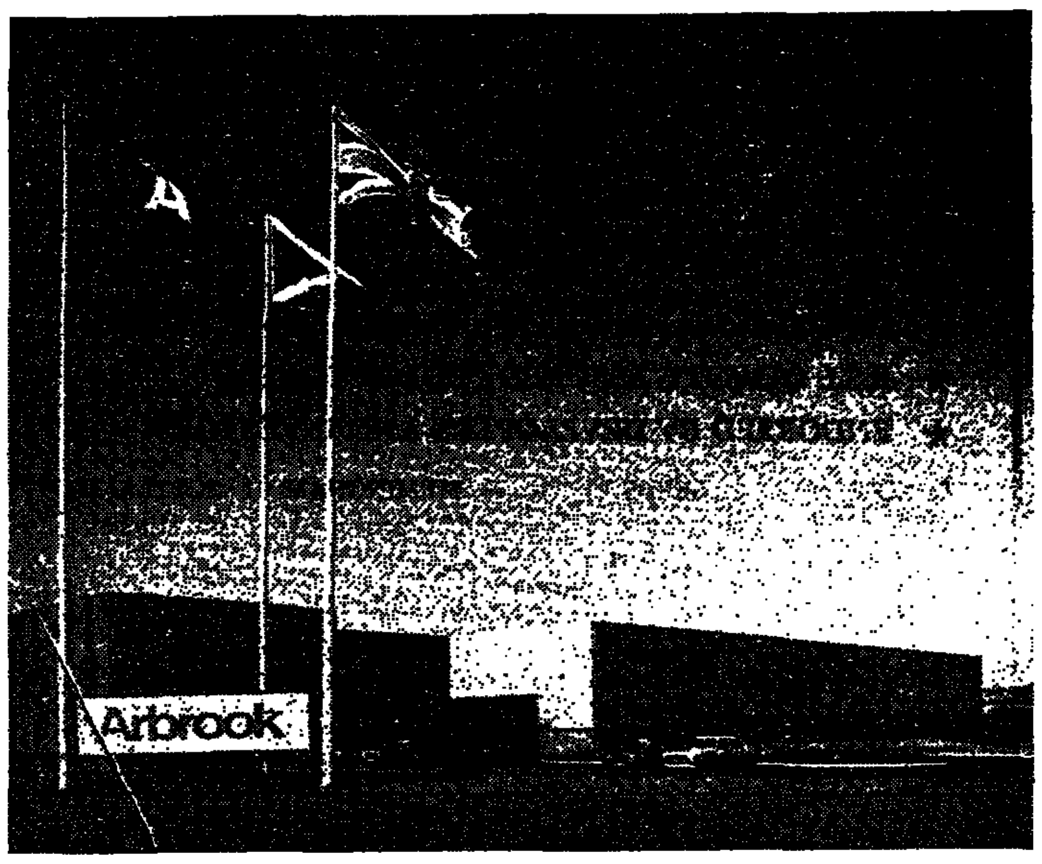
Livingston came up with a micro-chip plant to be built by Nippon Electric Company of Japan and to employ 800; East Kilbride announced a major expansion by one of its residents, Gray Tool; Glenrothes said that General Instrument Microelectronics would double the size of its factory and Beechams at Irvine revealed a major expansion. Cumbernauld had a worrying year threatened by the closure of Burroughs operations but in November the company assured the new town it would stay on.

There were few big prizes in the offing and the new towns adjusted to the general trend encouraging smaller firms. All built nursery units able to meet the needs of small firms with 10 or 20 employees.

Also significant was the growing trend in encouraging office building and the service sector in the new towns.

The policy statement backing up the new towns also came at a time when the Government is turning more of its attention to the neglected inner cities.

The creation of the Clydebank Enterprise Zone offering even more financial inducements for investors than the new towns pointed to this new emphasis on the cities. The shift in policy back towards the cities should dovetail in with the gradual phasing out of the new towns.



Medical products factory at Livingston. A growing trend is the efforts to encourage office building, small factories and the service sector in the new towns

Strathclyde: a strong commitment to development

The Regions

by Maurice Baggott

STRATHCLYDE, with one in six jobless, with among the worst areas of multiple social and economic deprivation in Europe and with industrial closures and redundancies continuing at an alarming rate, remains one of the most intractable blackspots in the UK. The gloom is tempered by some hopeful trends for the future, however.

Despite pockets of unemployment nearing 30 per cent, severe housing problems and a perceived image of radical politics, Clydeside did not indulge in the summer madness which hit the streets of London, Liverpool and other English cities.

While there are relatively few inner city areas similar to those in Merseyside and London, they do exist, but in Strathclyde the evidence is there that something is being done in those areas and in many cases it is being done on a grand scale

The East End of Glasgow might well have been a prime candidate for rioting in Scotland, with its legacy of crumbling tenements and derelict Victorian factories. The legacy, however, is fast disappearing under the bulldozers as part of the pioneering Glasgow Eastern Area Renewal (GEAR) programme controlled by the Scottish Development Agency and the local authorities.

Unemployment is still crippling high, but the small factory building programme is barely keeping pace with demand, much of it from newly started businesses. Private housebuilders are taking up sites, commercial developers are beginning to come in behind the initiative and the thousands of just-planted trees are surviving where five years ago the weeds would not have dared to show their faces.

At the opposite end of the city, Scotland's only Enterprise Zone is already replacing the despair of a town, which lost 90 per cent of its once thriving industrial base in 10 years, with renewed confidence. The Enterprise Zone in Clydesbank got off to a very much quicker start than in the rest of the UK because much of the groundwork had been done by a task force sent into the area of the SDA after the closure of the huge Singer plant 18 months ago.

To outward appearances the town looks worse now than after it had been left scarred and burning by German bombers in 1941. Much of the old Singer plant which dominated the town centre has been flattened, along with many of the old buildings, but 800 new jobs have been created by new companies moving into the area. Like the East End, many of these are new businesses, ranging from one-man operations to a £1.5m investment in producing consumable ceramic nozzles for the continuous casting of steel—a big and growing world market.

What has put real heart into Clydebank has been the success and commitment to expansion of its two largest employers: John Brown Engineering and UIE, who took over the old John Brown shipyard from Marathon last year. John Brown has just landed its biggest-ever contract for gas turbines for the Russian gas pipeline, while UIE have announced a £2.5m investment to move into module fabrication which could provide up to 700 new jobs in the yard and among subcontractors.

Shipbuilding has always been synonymous with Clydeside and, judging by the present health of the shipbuilders, it might be argued that the rot has stopped for the industrial heartland of Strathclyde. Govan Shipbuilders, on the verge of closure two years ago, has taken seven orders since the summer, after pulling itself from the bottom of the British shipbuilders' productivity heap to the top, and is ready for a substantial investment programme to push productivity levels up to Japanese standards.

Downriver, the gamble of ending merchant shipbuilding at Scott-Lithgow to concentrate on building offshore oil exploration and production vessels, is beginning to pay off, with orders for two semi-submersible drill rigs, one of which will be dynamically positioned. The only yard giving cause for concern is Yarrows, where the concentration on naval work makes it vulnerable to defence cuts.

Successes like these, giving positive proof that industries virtually written off can be pulled back from the brink and made to work, have improved morale in Strathclyde. But they do not compensate for continuing losses, such as the closure of the Linwood plant of Talbot, throwing 4,500 out of work at a stroke, followed in the same area by Coats Patons announcing that they are to cut their 1,600-strong labour force at their Paisley thread mills to a mere 600—albeit they are spending £4m on new investment to remain in the business at all.

Against that, Coats Patons has provided Strathclyde with one great hope for the future by establishing a small subsidiary, Monotech, to develop commercially the discovery by a group of researchers at Glasgow and Strathclyde universities of synthetic monoclonal antibodies — regarded in medical circles as as big a breakthrough as penicillin.

Monotech will be one of the first companies to be set up on the new research park being built on university ground on the outskirts of Glasgow. At least one other world class medical breakthrough—bio-degradeable polymers — has been announced by the university research centres. There is more than a hope that, with other major research work going on in the west of Scotland, the science park will become a major UK centre for bio-technological research and development, providing a spin-off to processing and plant-building industries in the Strathclyde region.

Electronics has earned the nickname "Silicon Glen" for the whole of Scotland's central belt and, while the 40,000 jobs it provides in Scotland cannot really be compared with the Californian powerhouse of the electronics industry, its growth has been the brightest spot in the Scottish economy. Strathclyde's share of the industry is impressive and is expanding. The recent decision by Motorola to build their next plant in East Kilbride, one of Strathclyde's three new towns, was a major act of faith particularly at a time when there is world overcapacity in the semi-conductor industry.

Electronics companies have found their Scottish plants among the most productive in the world. IBM's senior executive in Europe revealed at the 30th anniversary celebrations of their big plant at Greenock in October that the plant was beating the Japanese on productivity by 15 per cent and were at least equal on quality.

In context, however, the predicted expansion rate of around 3,000 jobs a year in electronics and the 2,000 a year growth in the health care industry comes nowhere near the rate of losses. Strathclyde in the last year alone had a net loss of 36,000 jobs and there are still too many vulnerable industries if the recession continues to bump along the bottom.

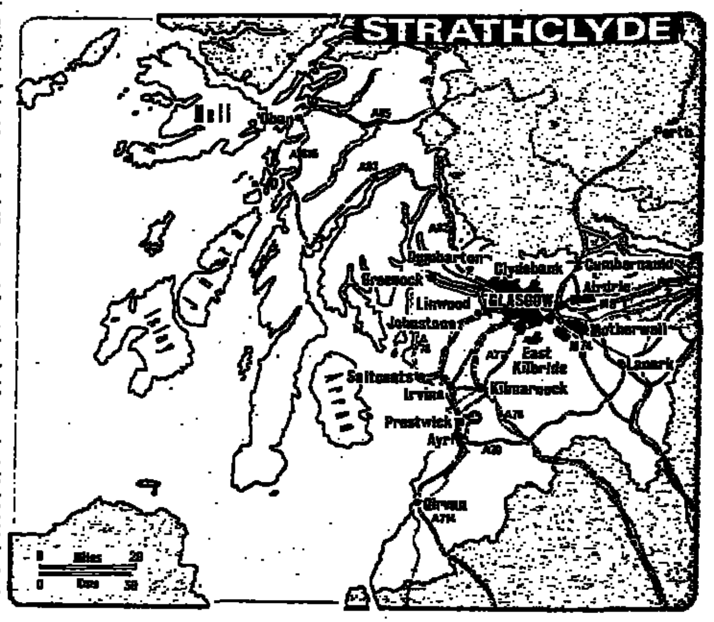
Strathclyde's worst problem area is North Ayrshire, which has lost massively from closures of major plants including British Steel, Glengarnock Works, Massey Ferguson, ICI nylon works, SKF and Monsanto, and very severe cutbacks in many others.

Kilmarnock, a prosperous town of 50,000 a decade ago with a diversified industrial base in valvemaking and engineering, combine harvesters, textiles and whisky, is very likely to lose its last major employer. BMK Carpets have just put their Kilmarnock-based company into the hands of the receiver, threatening the jobs of 1,000 people. Every other sector of the local economy has either been closed down or cut back severely.

Even the drawing power of a new town at Irvine has failed to regenerate the area, and while there are one or two bright spots in the expansion of the pharmaceutical industry at the plants of Beecham in Irvine and Roche in Dalry, in the electronics industry with an expansion of Digital Equipment and Prestwick Circuits and in aviation with the Scottish division of British Aerospace and Caledonian Airmotive, it will take a long time reverse the losses of the last two years.

Mr Robin Duthie, Scottish Development Agency chairman, says: "There is a lot going for us in Scotland and in Strathclyde in particular, but it is an uphill battle. At the moment it feels like one step forward and two backward, but I believe we are making headway and if the upturn does come next year, we will begin to see real progress."

If there is any consolation for Strathclyde in the unemployment figures, it is that because the region now has probably the most diversified industrial bases in the UK, it has not had to suffer the rate of increase in unemployment that regions like the West Midlands or Merseyside have sustained.



Though unemployment is high, the region is winning investors, partly by using the area's history as an attraction.

Fife: a change of image

By a correspondent

"Fife's got everything,
just the thing for tourists,
see the bonny pit bings
standing in a row . . ."

WHEN Mr John Watt, a Dunfermline printer, wrote the chorus for his catchy, tongue-in-cheek song on the life and times of his beloved region, those ugly legacies of an industrial past—the pit heaps—still littered part of an otherwise attractive landscape.

Today they have either been flattened or blended into their surroundings to create country parks, sporting facilities and nature trails—a fresh image in keeping with the next industrial age, say the region's planners.

But as Mr Watt would concede, Fife has suffered from a rather unjustified label as an industrial area over the years. True, much of its prosperity was built upon mining, shipbuilding and textiles but the region contains some of Scotland's most varied scenery in such a relatively small area.

Occupying a peninsula of not much more than 500 sq miles between the two great estuaries of the Forth and Tay, it has been described in one guide book as . . . "a defiant Scots terrier sticking its head into the North Sea."

That defiance certainly saved the region—locals prefer to call it a kingdom—from what seemed to be certain extinction in the mid-1970s when the reorganisers of Scottish local government decreed that the county (as it then was) should be largely merged into Tayside and Lothian. After a prolonged and vigorous campaign it was finally saved by a majority of only three in the committee stage of a Local Government Reorganisation Bill. The county (population 350,000) became a region with, remarkably, no boundary changes whatsoever.

Fife, home of the Scottish kings and queens until the union of the crowns in 1603, has four distinct components: the heavier industrial area of the south which contains two-thirds of the population: the attractive fishing villages of the East Neuk—Crail, Anstruther, Pittenweem, St Monance—the rich farmlands to the north, and the growth area of Glenrothes new town, which has a population of 38,000.

And then there is probably the most famous part of all: St Andrews, home of golf, where the Royal and Ancient Club is something of an international shrine to the faithful. It draws tens of thousands annually although St Andrews itself has a strong medieval tradition predating golf as being home to Scotland's oldest university (founded 1411).

Not surprisingly the region's promoters have been exploiting its history, with some success, to capture those with money to spend on new industries: the overseas corporations, the so-called mobile investors.

Fife lost about 30,000 jobs with the decline of the traditional industries — coal, shipbuilding, textiles—but this has been more than offset by the creation of more than 35,000 others in the past 10 to 15 years. The electronics industry employs 8,000 in 50 firms, the largest company being Marconi Space and Defence Systems at Hillend, near Dumfermline.

Strong support

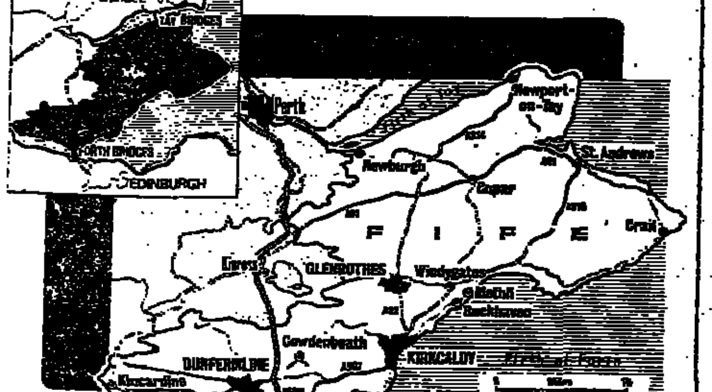
Elsewhere, more traditional industries—paper making at Markinch, linoleum and floor coverings at Kirkcaldy — still provide strong support for the local economy alongside new oil-related companies. They manufacture such components as wellhead equipment and valves at the lighter end of the market. At the heavier end, oil platform jackets are built at Redpath De Groot Caledonian's Methill Yard, which employs 600 people.

Unemployment remains high, at 13.1 per cent, yet there are hopes that development of downstream oil-related industries—particularly around the Mossmorran area, near Cowdenbeath—will push this figure down.

Mossmorran is seen as a key to part of the region's prosperity. A gas separation plant and associated cracker, on which work is well under way, represents by far the biggest industrial project in the region. Already about 2,000 construction workers are employed on the project. Yet it came purely by chance. Originally the developers, Shell and Esso wanted to build the complex—estimates are now approaching £1bn — near Peterhead, but they discovered that the harbour there was not suitable for the large gas tankers necessary to remove some of the products.

Gas from the Brent Oilfield, landed at St Fergus, will be piped south to Mossmorran—after the extraction of methane for British Gas—where it will be separated inte propane, buthane and ethane. Buthane and propane will be shipped to the U.S., from a nearby terminal under construction at Braefoot Bay, while Esso Chemicals — builders of the cracker — says it would like most of the processed ethylene to go to adjoining downstream plants, such as plastic manufacture, rather than being shipped elsewhere.

In spite of intense opposition from local environmental pressure groups, the local authority is pinning many of its hopes for a brighter industrial future on the expansion of Mossmorran. Mr Watt is said to be ready with yet another verse for his local best-seller, "Fife's got everything."



Scotland has succeeded in attracting a number of advanced industries in its drive to bolster the region's economy. Electronics and health care are two examples.

Faith in electronics

Growth Areas

by Ray Perman

IT PROBABLY comes as a surprise to many people that the electronics industry in Scotland is suffering from the recession: so unrelenting has its rise appeared to be over the last 10 years that it seemed to be immune from the economic forces that troubled every other sector.

Compared to, say, engineering, vehicle building or shipbuilding, the problems now being experienced by the electronics industry are slight. Nevertheless, they are there.

At least one major chip manufacturer, National Semiconductor at Greenock, has had to introduce short-time working. Another, Motorola at East Kilbride, extended its normal holiday period to reduce excess production and others are having to slow down expansion programmes until demand picks up.

National Semi, whose problems are probably typical of the industry as a whole, has seen sales this year fall by 10 per cent in value. At the Greenock plant production has fallen to 25-30m microcircuits a month, compared to 40m at the peak of the production cycle two years ago.

Hughes Microelectronics, one of two major semiconductor manufacturers with plants at Glenrothes, Fife, has reported a big drop in inquiries which will work its way through to the order book in a year's time. General Instrument, the other Glenrothes company, is relying on orders from the U.S. to keep its production load up.

The product manufacturers are not quite so badly affected, although some, like Digital Equipment at Ayr, which assembles and tests small computers, says that the growth in their sales has reached a temporary plateau.

No-one doubts that the difficulties are temporary and across the country new investment projects are going ahead full steam, despite the recession. National Semiconductor has nearly completed a £45m extension and will phase production in over the next three years; Motorola has confirmed a £60m expansion; General Instrument began an £8.5m expansion last May; and Nippon Electric, the first Japanese chip manufacturer to enter Scotland, is building a £50m plant at Livingston New Town, West Lothian.

Yet the effects of the economic downturn have brought home a lesson to the policy planners in Scotland, who see the electronics industry as one of the key growth areas for the future.

Those most feeling the cold are the basic semiconductor companies who make the building blocks for the rest of the industry to use and are thus likely to suffer first. They are satellite plants that rely almost entirely on imported technology. They will survive this recession with ease, but the next one and the one after that may not be so pleasant.

For some years now the Scottish Development Agency and the Scottish Economic Planning Department have been trying to attract inward investment — particularly from the U.S. — towards companies in a less vulnerable sector of the market, which can be expected to give their Scottish plants a certain amount of autonomy in management and independence in product development and design.

"My personal opinion is that although basic microcircuit manufacture is a valid part of the industrial scene, an awful lot more of the value added is in the application of those devices," says Peter Carmichael, who recently gave up the management of Hewlett Packard's Scottish operations to head the Scottish Development Agency's small businesses and new ventures units.

"If we are going to bring in semiconductor manufacturers we should try to bring in the more specialised ones who will do some design development work here."

The agency is currently updating the report on the electronics industry by Booz Allen and Hamilton the international consultants, which formed the basis of its first strategy. The ambitious job creation targets outlined in that report have all been met, but not in the way that was envisaged.

Whereas Booz Allen saw the main growth in employment resulting from the attraction of new companies from abroad, most of the new jobs over the last three or four years have actually resulted from the expansion of the firms already based in Scotland.

Gratifying though this trend has been, it is really a bonus for the industrial planners and not a substitute for trying to attract new firms, particularly in the fast expanding areas such as data and word processing where Scotland is relatively weak. The updated Booz Allen report is likely to stress the importance of going for these fields.

Peter Carmichael believes economic circumstances and the structure of the financial incentives offered by the UK to incoming firms will in any case point in this direction.

Unless tariff barriers again go up there is very little market advantage for a Japanese or American company to manufacture in Europe, and Scotland long ago lost its labour cost advantage over the U.S., he argues.

"The people who will want to move in will be the very fast growing companies with the potential for high volumes which justify having two plants, with two sets of inventory and two sets of overheads. They will be strapped for cash and will therefore find the capital incentives offered by the UK very attractive."

Scotland's attraction will be based on its relatively large pool of professionally and technically trained labour, on the reputations of its universities, many of which are now undertaking advanced research in electronics and related fields, and on its good communications.

Health care set for advance

By Mark Meredith

IN THE FIELD of nuclear medicine it was hard to take a firm with a name like Lothian Nuclear very seriously. It was a bit like being called Anstruther Atomic and lacked the ring of the international heavyweights such as Siemens.

But more than an identity problem, a need for funds and international backup led to a change of name from Lothian Nuclear into Scintag-Berthold. The Swiss-based Scintag-Berthold took 70 per cent control of the three-man company, allowing the Scottish company to develop a medical electronic camera and capture half the British market for such diagnostic equipment within a year. The company has sold more than £1.1m worth of cameras worldwide during this period.

The development of the camera illustrates a new growth industry for Scotland—health care. This is the range of industries covering pharmaceuticals, medical equipment and devices, clinical and laboratory products and medical supplies.

Promotion

The Scottish Development Agency has now labelled the field of health care for official promotion — the first such industrial sector to get Government backing in Scotland after micro-electronics.

In Scintag Berthold's nursery factory unit in Livingston New Town, west of Edinburgh, the three former engineers with EMI Nuclear Medicine worked around the clock to develop their camera. International competition was fierce. While Paul Woods, the managing director, concentrated on design, Iain Stark, the marketing director, turned his hand to installing the factory's electrical system. Colin McClure, the technical director, made the work benches that were to become the company's small assembly line.

Their "Digicamera" was designed to record pictures of the distribution of chemicals within the body and act as an early warning system for diseases such as cancer. The takeover by Scintag Berthold enabled the camera developed in Livingston to be coupled with Scintag's computer system. A computer terminal combines the controls and stores and analyses data from the pictures.

"We needed the money and they needed the camera to join up with their computer," Mr Stark explained.

After a prototype of the camera was designed and installed in an Edinburgh hospital the orders started coming in.

But some of the teething *troubles encountered* by the company in finding the finance and backing at home are unlikely to be repeated now the Government has given its blessing to the development of health care in Scotland.

The objective of setting up a health care industry unit inside the Scottish Development Agency was to identify areas for development and couple them with financial partners.

According to Dr Charles Fairley, who heads the new unit, one of the main problems with similar high technology areas has been the lack of management expertise to market and finance a product. Now joint ventures are to couple scientific development with managerial and financial skills.

Health care industries have estimated world sales of £50bn. These revolve around patient care but include a wide range of technologies, processes and services from drugs to biotechnology and electro-medical equipment.

European markets within easy reach of Scotland account for one third of world sales and the estimated growth rate of the industry is between 5 and 11 per cent in real terms.

Health care already has a strong foothold in Scotland and the facilities of the main universities offer the resources to assist research and development.

Dr Fairley feels that by encouraging foreign companies to set up research and development in Scotland, posibly in conjunction with the universities, other health care industries will benefit from the spin off.

There are nine major Scottish based pharmaceutical companies accounting for 41 per cent of employment in the industry and 48 per cent of the turnover. These include Hoffman La Roche and Beechams.

While the present employment rate of 7,000 in health care in Scotland is small, the Agency says that further development will discourage the further flight of technical and managerial skills out of the region by offering highly skilled jobs.

Rewarding challenge in high technology

Oil

by Mark Meredith

SOME of the boom appears to have gone out of North Sea oil. Just when new platforms were sprouting like mushrooms off the coast of Scotland the world had too much petroleum because of the recession. Opec states trimmed production to stabilise prices.

Economists talked soberly about what would happen when North Sea oil starts to run out, possibly after 1990, and North Sea producers stalled some developments because they did not like the effect of the supplementary petroleum tax on their earnings.

Another blow came with the Government's decision in September to withdraw its backing for the £2.7bn projected gas gathering pipeline, leaving it up to private industry.

Consumers in the UK used less energy in line with the general decline in economic activity although in the North Sea production increased as part of a general policy to replace the amount of imported oil.

Whatever the worries in this volatile and competitive industry, however, oil and gas production represents a thriving and challenging industry in Scotland. It employs nearly 48,000 people, of which 32,500 work in the Grampian region around Aberdeen and the nearby onshore stations servicing offshore production and exploration.

In the industry and government backrooms behind the bustle, however, concern is increasing about the way in which the industry is growing in Scotland and in the rest of the UK. The fear is that as the oil reservoirs beneath the North Sea start to run dry, maybe sometime after 1990, the great circus of international oil producers will move on to other oil fields leaving behind the rump of another declining industry.

Industry and government alike want British firms to join the circus when it moves on with exportable, value-added equipment and services to join exploration offshore in some of the 90 other locations around the world. A few firms are already there and exporting but, with some dazzling excep*tions, other UK companies* have been slow to move into high oil technology. In the view of one oilman, the UK is only nibbling at the edges.

As new oil fields open up elsewhere in the world, the heavy steel fabrication will most likely be done locally and it is only the highly specialised production gear that will need to be brought in.

In terms of design and production, however, Scotland's platform yards are making breakthroughs in reducing the scale of the massive amounts of machinery required on the deck of an oil platform.

Work on the Conoco's tension leg platform will also make Scotland a frontier location for the new generation of very deep water oil exploration and drilling equipment. The tension leg platform can anchor in depths of 2,000 ft or more while the present generation of jack-up, semi-submersible gravity and floating platforms operate at depths up to just over 1,000 ft.

The Department of Energy's supplies office, which monitors and encourages UK input to North Sea oil production, is pleased with the 71 per cent of orders for goods and services for development offshore which were placed in the UK last year. This meant a UK share of £1.6bn in the business. Orders for production platforms alone were worth £550m.

The supplies office has none the less been anxious to close the technology gap and has put forward the idea that future North Sea exploration licences might require an undertaking by oil companies that they will involve UK firms in research and development projects.

Many of the UK orders went to the UK offices of international, mostly American companies. Truly appreciating the value-added benefit of these orders would involve looking at the level of UK personnel in senior skilled and managerial positions, the level of training and the degree of research and development, not to mention the speciality of the offshore product.

The UK is strong, and getting stronger, in the field of advanced platform construction and the design facility especially offers good prospects for export.

The UK *is* also making advances in underwater inspection systems and some of the instrumentation, but it is weak in so called down-hole technology: the drilling equipment, casings and generally the highly specialised business end of drilling.

There are also weak spots in the field of reservoir engineering where companies like Schlumberger of France have been active. Barge development for pipe laying has also been a largely untouched area.

There is, nevertheless, a formidable list of producers already moving into high technology. Ferranti, in conjunction with the Harwell Atomic Research stablishment, have developed an ultrasonic torch for underwater inspection of pipes and platform legs. Osprey Electronics of Wick has produced underwater television cameras and Racal Decca devised LAUNS, a form of traffic control system for underwater vehicles and divers around a platform. Ocean technological services has devised advanced stress measurement systems for platforms, and there are others.

Breaking into high technology could cost a company £30m or more. It also requires a financial system ready to take the risks. The Department of Energy's offshore technology board made £16.8m available for research and development last year and a further £18m this year. *The offshore supplies office* can recommend that up to 50 per cent of the research and development costs of a company be paid until the first commercial prototype of a product is ready.

NORTH SEA ENERGY 1980

UK oil production (m tonnes)	80.5
UK gas production (bn cubic metres)	37.7
Oil produced for UK needs (%)	50.1
Revenue from oil sold (£bn)	8.9
Revenue from gas (£bn)	0.6
Government revenue from tax (£bn)	3.6
Estimate of capital investment (£bn)	2.4
Total North Sea investment to date (£bn)	21
Jobs from oil and gas	70,000
of which Scotland	47,800

BL has changed its structure and production plans to keep its Scottish operations competitive.

Leyland cutting its Scottish workforce

LEYLAND VEHICLES, BL's truck and bus subsidiary, was determined to keep a major manufacturing presence in Scotland when it considered how it should re-organise its operations. But when the details were announced recently it became clear that Bathgate in central Scotland would suffer proportionately more than most other Leyland plants.

Overall, Leyland is to cut its workforce by 4,100, or 27 per cent. At Bathgate 1,365 jobs out of 3,600 will go by the end of 1982—a reduction of 35 per cent.

Compared with that Leyland's other plant in Scotland, Albion at Scotstoun on the Clyde, will get off lightly. It loses 140 jobs out of 1,800, an 8 per cent cut.

Bathgate was saved by Leyland's decision to remain the producer of a full range of trucks rather than concentrate only on the heavy end of the business. The plant was set up in the early 1960s by the old British Motor Corporation and it was laid out more like a car plant than a truck factory.

In theory Bathgate could produce 1,000 trucks a week, or 45,000 a year. There was no way that kind of output could be incorporated in Leyland's other major truck plant at Leyland in Lancashire, where the £37m new assembly line has a nominal capacity of about 450 vehicles a week.

The job losses at Bathgate are primarily being caused because Leyland has decided to quit the agricultural tractor market for good and all.

Despite having what is widely recognised as a superior product, Leyland's tractor sales have been running at the rate of 3,000 a year—about half for export—compared with manufacturing capacity of 18,000 a year at Bathgate.

Leyland is to sell the manufacturing and other rights to its tractors to Marshall and Sons of Gainsborough, Lincolnshire, which was set up in 1979 to buy the assets of Aveling Marshall, another former BL company.

Leyland reckons that 850 jobs will be lost because of the closure of the tractor operations.

Basic Industries

by Kenneth Gooding

Others will go because the old EA van and the FG light truck are also to go out of production—to be replaced next year by vehicles from BL's Freightrover subsidiary, which produces the Sherpa, and which will be made at Common Lane, Birmingham.

There is also to be a general slimming down and Bathgate will lose its engineering centre because Leyland has decided to centralise its engineering at the new facility near the Lancashire plant where around £22m has been spent.

Bathgate will continue to produce the rest of its current truck range and also gets the T43 Landtrain export-only heavy truck previously made at the Guy plant in Wolverhampton, which is to be shut with the loss of all 740 jobs.

Bathgate has the considerable expertise needed for export packing of truck kits after many years of sending kits abroad for assembly in countries such as Nigeria.

About half the plant's current output of trucks is exported and a growing percentage of the export content goes out in kit form as more and more countries insist that any vehicle sold in their markets must be at least assembled locally.

Leyland is also concentrating diesel engine component manufacture and assembly at Bathgate and it will be developed as the company's primary engine facility.

Bathgate is a replacement for the 98 series engine "which is planned to be the subject of a major collaborative venture."

Leyland will give no hint about which company is involved in this collaboration but the industry expects it to be with Cummins, the U.S. group which has extensive engine manufacturing operations of its own in the UK.

Another collaborative venture has bitten the dust, however. It had been planned for the Albion plant to manufacture under licence from ZF, the West German group, a new truck gearbox due to go into production next year.

This idea has been dropped, Leyland claims, because of the 25 per cent adverse movement in the sterling-D-Mark relationship in the two years since the ZF deal was signed—and Leyland will now buy complete gearboxes from Germany.

This means of course that Leyland will not manufacture truck gearboxes after 1982 but it says they account for only 10 per cent of the units it currently fits.

Truck assembly ended at the 82-year-old Albion plant some time ago and it concentrated on the production of truck axles. This theme is continued under the latest reorganisation. But loss of the potential work on the gearbox will lead to the closure of the South Works at Albion at the end of 1982.

After all the changes have been made Leyland will be structured around seven key operations: axle production at Albion; engine production at Bathgate; vehicle assembly at Bathgate: vehicle assembly at Leyland; engine production at Leyland; foundry operation at Leyland and vehicle assembly at Scammell, Watford.

The management has given a warning that all manufacturing activities "will remain under review to ensure that the business as a whole achieves the necessary levels of cost-competitiveness." The vehicle assembly operations at Bathgate were the subject of special mention in this context.

Leyland accounted for £47m of BL's first-half loss this year (after taking into account some overseas profits) against a £7m profit for the first half of 1980.

The company does not expect to be profitable in 1983 and after then it depends on the effectiveness of the measures now being taken and whether the UK truck market recovers. BL predicts a slow recovery starting next year.

All this is a far cry from the expansionist tones of Leyland's 1980 announcement that it would spend £175m at the two Scottish plants, including £125m at Bathgate.

About £50m has been spent so far on reorganising the Bathgate plant to make it a more reasonable place in which to work and putting in new machine tools. Future investment will concentrate mainly on getting new truck models onto the road, however.

Well aware of the difficulties which already exist in the Bathgate area, Leyland has set up a project team under chairman Mr Ron Hancock to investigate ways of promoting alternative employment in the area — and others affected by the reorganisation programme.

But that has not prevented the Leyland plan, particularly the part of it affecting Bathgate, receiving a very hostile reception from the unions. Their alternative plans will emerge over the next few weeks.

Steelworks fight for survival

STEEL PRODUCTION in Scotland is fighting for survival. It has some of the most modern works in Europe but many of its local markets have died out and British Steel management has not been pleased with production performance. Faced with world over production of steel and British Steel's heavy losses, the 12,000 employees of British Steel in Scotland know they are vulnerable when it comes to any further closures.

The various steelworks in Scotland fit into the strip products, tubes and general steel, as well as the forges and foundry engineering divisions of British Steel. At the centre is the giant integrated Ravenscraig steelworks, modernised recently at a cost of £250m. It is linked to the Gartcosh cold reduction mill which produces coiled steel and the Hunterston ore and coal terminal; between them they employ 5,600.

The Clydesdale works at Bells Hill and the Imperial works at Airdrie produce tube steels and employ about 3,000. Under British Steel's general steel group come the Dalzell works at Motherwell, Clydebridge in Cambuslang, and rolling mill at Glengarnock, employing about 2,000 between them. About 1,000 are also employed in special steels production at the Craigneuk and New Stevenston forges and foundry engineering works which are part of BSC holdings.

This month, a third blast furnace for producing iron has come on stream at Ravenscraig after rebuilding. It corrects an imbalance which had put steel production under pressure and the works now hope to meet their commitment to produce 2m tonnes of steel this year compared with 1.3m last year. The works have an excellent pedigree, with 80 per cent continuous casting capability: the fuel-efficient method which by-passed ingot-making and forms slabs of steel directly out of steel poured from the oxygen furnaces.

Production at Ravenscraig has broken records but so has production elsewhere and the rate of improvement obviously displeased Mr Ian Macgregor, the chairman of British Steel, when he visited his native Scotland during the summer. The Scottish operation was not at the head of the league, he said. "I feel somewhat embarrassed over this because I am thought to be an advocate of the Scottish installations. I would like to see them perform a little more in accordance with the type of performance we see in some of the other plants."

The chief disappointment for Scotland has been the fall in traditional markets for steel. The closure of the Talbot works at Linwood, for example, left the Gartcosh works without a major outlet for its sheet steel.

The decline of shipbuilding on the Clyde also slimmed the order books for plate steel although there have been some recent signs of recovery in this sector.

The result of a declining market at home has meant that steel from Scotland has to be shipped south to customers. Thus the transport and delivery time must, in effect, be written into the general increase in efficiency to make steel from Scotland competitive.

In November, British Steel announced a round of job cuts at regional works and the workforce at the Ravenscraig-Gartcosh-Hunterston complex was to be cut by 500. The redundancies were to come largely from managerial and office staff.

More cuts could yet come. The steelworkers in Scotland know production is under close scrutiny by BSC. There is also a painful reminder of the general plight of the industry not far away. A £50m steel plant at Hunterston, completed in the early 1970s when markets were crumbling, stands rusting and unused.

Mark Meredith

SOME USEFUL ADDRESSES

ACCOMMODATION

EDINBURGH

Caledonian Hotel, Princes Street. Tel: 031 225 2433. Telex 72179. Single with bath £35.00.

North British Hotel, Princes Street. Tel: 031 556 2414. Telex 72332. Single w.b. approx. £35.00.

George Hotel, George Street. Tel: 031 225 1251. Telex 72570. Single w.b. £41.00.

Royal Scot Hotel, Glasgow Road. Tel: 031 334 9191. Telex 727197. Single w.b. £30.00.

GLASGOW

Holiday Inn — opening early 1982. Argyle Street. Tel: 041 226 5577. No Telex. Single with bath £40.75.

Albany Hotel, Bothwell Street. Tel: 041 248 2656. Telex 77440. Single w.b. £37.00.

Central Hotel, Gordon Street. Tel: 041 221 9680. Telex 777771. Single w.b. £36.50.

Grosvenor Hotel. Opening early 1982. Tel: 041 339 8811. Telex 776247. Single w.h. £39.00

INVERNESS

Kingsmills Hotel. Tel: 0463 37166. Single wb £25.00.

Culloden Hotel, Culloden Moor. Tel: 0463 72461. Double £39.68.

Station Hotel, Academy Street. Tel: 0463 31926. Telex: 75275. Single wb £18.00.

Ladbroke Mercury Motor Inn, Nairn Road. Tel: 0463 39666. Single wb £16.00.

ABERDEEN

Skean Dhu Hotel, Argyll Road. Tel: 0224 725252. Single wb £32.00.

Altens Skean Dhu Hotel, Souter Head Road, Altens. Tel: 0224 877000. Single wb £28.95.

Craigbaar Hotel, Waterton Road, Bucksburn. Tel: 0224 712275. Single wb £22.50.

Gloucester Hotel, 102 Union Street. Tel: 0224 29095. Single wb £24.00.

Scotland: Where To Stay, Hotels and Guest Houses.
Scotland: Where To Stay, Bed and Breakfast.
Write to: The Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh EH4 3EU.

GLASGOW

Glasgow has regular direct flights to London Heathrow and Gatwick as well as Aberdeen, Belfast, Benbecula, Birmingham, Bristol, Cardiff, East Midlands, Fort William, Humberside, Inverness, Islay, Isle of Man, Isle of Skye, Kirkwall, Leeds, Liverpool, Londonderry, Manchester, Newcastle, Norwich, Rothesay, Stornoway, Teesside, Tiree and Wick.
International flights to Dublin, Copenhagen, Paris and Reykjavik.

EDINBURGH

Edinburgh has regular direct flights to London Heathrow and Gatwick as well as Aberdeen, Birmingham, Belfast, East Midlands, Kirkwall, Leeds, Lerwick, Manchester and Norwich.
International flights to Dublin and Amsterdam.

ABERDEEN

Aberdeen has regular direct flights to London Heathrow and Gatwick as well as Belfast, Birmingham, Dundee, East Midlands, Edinburgh, Glasgow, Humberside, Inverness, Kirkwall, Leeds, Lerwick, Liverpool, Manchester, Newcastle, Norwich, Teesside and Wick.
International flights to Amsterdam, Bergen, Copenhagen, Dublin and Stavanger.

CONTACTS

Scottish Office/Scottish Economic Planning Department, New St Andrew's House, St James Centre, Edinburgh. 031 556 8400.

Scottish Development Agency, 120 Bothwell Street, Glasgow. 041 248 2700.

Scottish Council (Development and Industry). 23 Chester Street, Edinburgh. 031 225 7911. (London office 01 839 4777).

North East Scotland Development Authority. 0224 321211.

Highland and Islands Development Board, 27 Bank Street, Inverness. 0463 34171.

LOCAL GOVERNMENT

Borders 08352 3301.
Central 0786 3111.
Dumfries and Galloway 0387 761769.
Fife 0592 754411.
Grampian 0224 682222.
Highland 031 229 9292.
Lothian 031 229 9292.
Strathclyde 041 221 4296.
Tayside 0382 23281.
Western Isles 0851 3773.
Orkney 0856 3535.
Shetland 0595 3535.

NEW TOWNS

East Kilbride 03552 41111.
Cumbernauld 02367 21155.
Glenrothes 0592 754343.
Irvine 0294 214100.
Livingston 0589 31177.

CHAMBERS OF COMMERCE

Aberdeen, 15 Union Terrace. 0224 29222.
Dundee, Panmure Street. 0382 22122.
Edinburgh, 20 Hanover Street. 031 225 5851.
Glasgow, 30 George Square. 041 204 2121.

BANKS

Bank of Scotland, The Mound, Edinburgh.
Royal Bank of Scotland, 42 St Andrews Square, Edinburgh.
Clydesdale Bank, 30 St Vincent Place, Glasgow.
Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh. 031 332 2433.

Promotion

by Mark Meredith

A more organised system

THERE IS a slightly apocryphal story which runs like this. Two directors from separate Scottish new towns nearly came to blows in the lobby of a Midwest hotel in the U.S. about who first saw a potential source of inward investment—a local American company.

Whatever the story's embellishments as it made the rounds of the Scottish Civil Service, it revealed a damaging lack of co-ordination in promoting Scotland overseas as a home for inward investment. This year this shortcoming appears to have been put to rights.

In March Mr George Younger, Secretary of State for Scotland, announced the establishment of Locate in Scotland, an office to provide one door for investment into Scotland and a single body to co-ordinate the projection of Scotland overseas to attract industry.

Until then promotion overseas had been a haphazard affair, with Scottish interests thrown in as part of the task of attracting industry to the UK.

Imagine too the confusion of an American or Japanese company on receiving a regular stream of visitors from various Scottish regional councils and new towns turning up to tempt the company with the virtues of Grampian, Fife, Livingston New Town or wherever.

Locate in Scotland brought together the Scottish Office's economic planning department and the Scottish Development Agency to marry the grant resources of central government with the promotion activity of the semi-official agency. Both the planning department and the agency are represented on Locate in Scotland, which is headed by Mr Dick Burns, a civil servant.

While very much part of pushing Scotland, the office is not part of Scottish economic strategy in as much as it does not attempt to steer inward investment into any particular part of Scotland — for example, to an area hard hit by unemployment and in desperate need of new industry.

The approach is to let the customer decide where he wants to go and the only steering is through the various aid packages on offer to him. The financial incentives for a company to set up, say, in Clydebank Enterprise Zone are greater than in the next lower category of aid benefits—special development areas. In the past fiscal year £113m was paid to industry in Scotland through these regional development grant payments.

The creation of Locate in Scotland may have cramped the style of several new town or local government officials who prided themselves in their personal ability to go out and win foreign investment. In some cases it has meant some forceful persuasion but officials of the office feel that most of these officials now accept the advantages of a centralised approach to inward investment.

The results will probably start to show as Locate in Scotland builds up steam in promoting the various industrial growth areas singled out for official encouragement in Scotland. The Scottish Development Agency has labelled microelectronics and successfully promoted the industry, which in Scotland is the largest in Western Europe, employing around 40,000.

The latest industrial growth area projected by the Agency is health care.

More aid for French farmers

By David White in Paris

THE FRENCH government yesterday unveiled its plans for agricultural handouts totalling FFrs 5.56bn, nearly $1bn. The package represents an increase of more than a third on the farm aid programme announced by the Giscard government a year ago, which was already strongly criticised in Brussels for flouting EEC rules on national cash subsidies.

The package, which goes part of the way towards satisfying farmers' demands, against the background of a further drop in income this year, includes FFrs 1.5bn in direct cash payments to small farmers.

However, the government aims to reduce its potential legal problems with Brussels by keeping down the cash handout element. The direct subsidies, restricted to low-income farmers, are less than the FFrs 2.3bn which were handed out on a pro rata basis at the beginning of the year.

M Pierre Mauroy, Prime Minister, told the annual agricultural conference meeting here yesterday that Government measures should "remain within the framework of European agreements."

"Even if the Common Agricultural Policy shows clear signs of short-windedness," he said, "we cannot afford to risk sacrificing it by taking too extensive national measures."

Labour attacks farm tenancy pact

By Our Own Correspondent

PROPOSALS for changes in the law on agricultural tenancies, agreed by Britain's farmers and landowners after months of negotiations, were rejected as unacceptable yesterday by the Labour Party.

They had been agreed by the National Farmers' Union and Country Landowners' Association in spite of considerable opposition from some quarters within the two organisations.

The Government had accepted many of the proposals, but was anxious for the Opposition's support before making changes in the law.

The Labour Party's National Executive says it has rejected the proposals because they will not make more land available for letting.

EEC sugar talks collapse

BY LARRY KLINGER IN BRUSSELS

EUROPEAN Commission efforts to resolve the sugar price deadlock between Third World cane producers and the EEC collapsed yesterday.

It is now virtually certain that the 61 African, Caribbean and Pacific Ocean (ACP) countries grouped together under the EEC's special Lomé trade and aid arrangements will press their demands for an emergency joint ACP-EEC ministerial council as a "last resort" to settle the dispute.

The EEC's Foreign Ministers, meeting in Brussels yesterday, rejected a Commission compromise plan that would have increased the EEC offer of a 7.5 per cent price rise to 8.5 per cent for the 1.3m tonnes of ACP cane sugar allowed to be exported annually to the EEC.

As has happened several times since the dispute broke out last April, the issue has now been put back to be reconsidered by the Community's Agricultural Ministers when they meet next week.

It is up to the ACP Council of Ministers, which is currently in session in Lesoto, to decide whether to press the demand for a December 14 joint ACP-EEC ministerial meeting. But the feeling among ACP ambassadors in Brussels last night was that there was now no other choice.

The cane-producnig countries, many of which are highly dependent economically on sugar exports, accuse the EEC of trying to impose a *fait accompli* without regard to the negotiation procedure laid down in the Lomé arrangements.

The Commission proposed increasing the price rise offer to 8.5 per cent while exempting ACP sugar from the EEC system of storage levies and aids for stockpiling under the Community's internal marketing arrangements.

However, all the EEC member-states except for Britain opposed the proposal.

The seven-month-old dispute centres on the unprecedented decision by the EEC Agriculture Ministers not to give ACP cane producers the same price increase as that awarded to European beet farmers.

The ACP producers were offered the 7.5 per cent at the April prce-fixing of EEC guaranteed far mprices, whereas the beet farmers were given an 8.5 per cent rise, which has now become the ACP countries' minimum demand.

U.S. stockpile swap deal halted

BY NANCY DUNNE IN WASHINGTON

THE UNCERTAIN tin market has apparently disrupted a proposed arrangement in which the General Services Administration (GSA) would swap tin and tungsten for 1.8m lbs of vanadium.

The GSA, which manages the U.S. Strategic Minerals Stockpile, awarded a swap contract to Continental Resources, of New York, last August, but on Monday the agency announced that the contract has been suspended.

Agency officials claim that the prospect of selling tin to foreign buyers as well as distortions in tin prices led to the decision to suspend the deal. The Congress has until December 13 to decide if silver and tin stockpile sales should be opened up to overseas bidding, and the agency says new solicitations for a vanadium-tin-tungsten swap will then be reissued.

Although the price of tin futures have hit record levels, demand for GSA tin has been poor. Less than 3,000 tonnes have been sold since the GSA began the auctions on July 1, 1980, this is far behind the stockpile objective to sell 30,000 tonnes at an annual rate of 10,000.

GSA officials say they are hoping demand will improve if their tin is made available to foreign bidders. But they are nervously watching the fluctuating market which they strongly suspect is being manipulated.

Although no legislators have yet spoken out against foreign sales of stockpiled tin and silver, Bolivian officials have been lobbying hard against the proposal and Malaysia has reportedly threatened to take "unspecified action" if foreign sales begin.

Bank sees smaller copper price rise

BY ROY HODSON

CHEMICAL BANK of New York has published a cautious new appraisal of the prospects for the world copper industry forecasting that real copper prices will rise by only about 1 per cent a year during the remainder of the century.

The bank expects copper production to remain broadly in balance with demand. The report forecasts that the higher prices which are likely to be received for the co-products of copper mining operations when the world economy picks up again will tend to hold down actual copper prices.

The argument that poor copper prices (U.S. prices have been at a 30-year low recently) will deter investment and lead to copper production shortfalls is not accepted by Chemical Bank. There should be little difficulty in raising the $100bn that the world copper industry will require for new investment between now and the end of the century, the bank concludes.

Demand for copper is expected to rise at a rate of between 2 per cent a year and 3 per cent a year during the 1980s and 1990s. However, the report expects the copper industries of the industrialised economies to make a bigger contribution to the expansion than the industries of the developing countries because of problems of raising capital and operating at high levels of efficiency.

The report rejects the view that there is any shortage of current copper reserves and *says the long-term supply of* copper appears satisfactory. No major shortages of copper should appear in the next 20 years to put upward pressure on market prices in the view of Chemical Bank

Scottish forestry study planned

By Mark Meredith in Edinburgh

A THOROUGH study of the development potential for the Scottish wood processing industry, backed by both the public and private sector, was announced yesterday by Mr George Younger, the Secretary of State for Scotland.

A study to be paid for by the Scottish Development Agency and the Highlands and Islands Development Board will be undertaken by consultants Arthur D. Little. The consultants will work with a steering group chaired by the SDA an dincluding the Highlands and Islands Development Board, the Scottish Office, the Forestry Commission and private timber growers in Scotland.

The study will have two objectives to maximise use of locally grown softwood in Scotland. The region has about 820 hectares of productive woodland run by both the Forestry Commission and private owners and this represents nearly half of the working forestry area in the UK.

The first objective will be the formation of a long-term development strategy for wood processing industries in Scotland.

The second will be to identify a number of specific investment and development projects in support of the long-term strategy which are capable of being immediately financed and implemented by the public and private sector.

The study will take about six months and will be completed by June 1982, according to a Scottish Office announcement.

Jute mill strike threat

By P. C. Mahanti in Calcutta

EIGHT jute mill trade unions barring the one led by Communist Marxists have set next February as the date for going on an indefinite strike in a protest against the employers' refusal to concede their 20 per cent bonus demand.

The Marxist controlled *trade union has not joined* in the strike move presumably because of the West Bengal labour minister's view that the industry should be nationalised rather than production interrupted through strikes.

BAUXITE

Jamaica feels the pinch of world recession

BY CANUTE JAMES IN KINGSTON

THE WORLD's bauxite producing countries are now feeling the full impact of the slump in demand for aluminium, but are at a loss as to what to do about it.

Their dilemma was indicated at the recent meeting in Canberra of the International Bauxite Association (IBA), the producers' organisation which has its headquarters here.

The 11 members of the IBA account for just over 70 per cent *of the world's buaxite production*, but for the first time since it was launched seven years ago, the organisation found itself unable to recommend to its members higher prices for the bauxite and alumina they sell to the metals companies.

The association's ministerial council recommended to its members that bauxite sold next year in North and South America and Europe should "remain *within the range of 2.5* per cent to 3 per cent, but in view of the expected soft market situation for 1982 the price should be set at 2 per cent of the average American metal market list price for 99.5 per cent aluminium ingot."

This was the same price range which the IBA recommended for bauxite sold by its members this year. Similarly, there was no recommendation to increase alumina prices which, said the association "... should remain within the range of 16 per cent to 19 per cent ... of the average American metal market price for 99.5 per cent purity primary aluminium ingot."

The recommended prices by the IBA are mainly national—its members usually sell their bauxite and alumina well below these prices. But the recommended prices are a guide as to what the bauxite producers believe their ore and their alumina can be worth. They have obviously now been forced to accept that their misfortunes are inevitably tied to those of the aluminium market.

This, in turn, raised from one delegate to the recent conference the almost heretic suggestion that the IBA, as constituted, was worthless, unless it could have a greater say in the control of alumina and aluminium production. The thought is far fetched, the IBA countries—Australia, Indonesia, Yugoslavia, Ghana, Guinea, Sierra Leone, Surinam, Guyana, the Dominican Republic-Haiti and Jamaica—control only 4 per cent of the world's aluminium production.

The inability of the IBA to *help its members, and the* potentially debilitating effect on ore exporters of the current state of the aluminium market is shown at its worst in Jamaica, where the bauxite industry is in a state of crisis.

This week's agreement by the United States Administration to purchase 1.6m tonnes of bauxite from the island for the strategic mineral stockpile will bring only small comfort to the industry.

The companies operating in the island—Alcoa, Alcan, Kaiser, Reynolds and Anaconda—have all this year reduced mining and refining. The more severe cutbacks came over the weekend, when Reynolds and Kaiser said workers would be laid off, with the Reynolds Mines operating at only half-rated capacity.

The production target set by the government for this year was 12.5m tonnes, and for next year 12.76m tonnes, last year's output was 12m tonnes, and the industry's capacity is 15m tonnes, reached only in 1974, the year the government imposed a controversial levy which saw the companies reducing operations.

Mr Edward Seaga, the Prime Minister and Mining Minister said Tuesday night that actual production this year will be 11.1m tonnes, and for next year, a disastrous 9.15m tonnes.

Jamaica is the world's third largest exporter. The damage to the island's weak economy centres on the fact that earnings of $205m last year will be drastically reduced.

According to Mr Seaga, he is pinning his hopes on negotiations for sale of another 1.6m tonnes to the U.S. strategic stockpile in the year beginning October 1982. This will hardly place the industry on an even keel, although it will minimise the impact of the financial dislocation.

Talks with the Soviet Union aimed at securing a contract for 1m tonnes of bauxite per year appear to have run into unexpected difficulties.

Jamaica, like other producers, can find a little solace in anything the IBA has to offer to deal with such a situation. The *effect of the aluminium market's* slump on members' bauxite exports was discussed at the Canberra meeting. "The council of Ministers viewed with concern developments in the aluminium market which were, in turn, having an adverse impact on the market for alumina and bauxite from member countries," a communique from the meeting said.

India set to import more wheat

BY K. K. SHARMA IN NEW DELHI

THE Indian Government has finalised arrangements with Australia for the import of 800,000 tonnes of wheat this year, bringing total wheat imports in 1981-82 to 2.5m tonnes to replenish foodgrain stocks. About 1.8m tonnes of wheat have been purchased from the U.S. and are now being shipped to India.

These are the first grain imports made by India in more than five years. They follow the reduction of stocks as a result of the poor monsoon in 1979 when grain production fell sharply. Output in 1980-81 missed the target of 133m tonnes by 3m tonnes.

Present grain stocks stand at just under 10m tonnes, which is insufficient to meet the needs of the public distribution system of ration shops as well as maintenance of buffer stock of around 10m tonnes

It is not known whether further imports of wheat will be made. The initial target was 4m tonnes and the Government will now have sufficient foreign exchange to make imports of this quantity because of the approval by the International Monetary Fund of a three-year $5.8bn loan from its extended financing facility.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were little changed on the London Metal Exchange. Copper fell from £898 to £892 on American selling but rallied to close at £893.75 reflecting the fall in sterling. Lead closed at £353 on rumoured Soviet buying as well as chartist buying, while Zinc was finally £434.5 ahead of today's meeting at Tara Mines. Aluminium closed at £612.5 and Nickel at £2,887.5. Tin, three months, closed the late Kerb at £8,160.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGr de				
Cash	875-6	+.75	874-5	-.75
3 mths	895-.5	+1	895-.5	+.75
Settlem't	876	+1	—	......
Cathodes				
Cash	870-1	-.75	869-7	-1
3 months	890-1	-1	890-.5	-.75
Settlem't	871	-.5	—	......
S. Prod	—	......	*79-84	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £877.00, 76.50, 76.00, 75.50, three months £898.00, 97.50, 97.00, 97.50, 98.00, 97.00, 96.50, 97.00, 96.00, 96.50. Cathodes, cash £870.00, three months £890.00. Kerb: Higher grade, three months £894.00, 95.00, 94.00, 93.00, 92.00, 92.50. Afternoon: Higher grade, three months £898.00, 99.00, 98.50, 98.00, 97.50, 97.00, 97.50, 96.00, 95.50, 95.00. Kerb: Higher grade, three months £895.50, 96.00, 95.50, 95.00, 94.50, 94.00, 94.50, 95.00. Turnover: 19,800 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	342.5-3	+5.5	342-.5	+4.25
3 months	352-.5	+5	352-.5	+4
Settlem't	343	+5.5	—	......
U.S. Spot	—	......	*32-6	......

Lead—Morning: Cash £342.50, three months £352.00, 53.00, 54.00, 53.00, 52.50. Kerb: Three months £352.00, 53.00, 52.50, 53.00, 52.00. Afternoon: Three months £352.00, 53.00, 54.00, 53.50, 52.50, 52.00, 51.50, 52.00. Kerb: Three months £352.00, 53.00, 54.00, 53.50. Turnover: 9,700 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8360-70	-10	8370-1	+18
3 months	8142-5	+38.5	8140-55	+57.5
Settlem't	8370	-58	—	......
Standard				
Cash	8350-2	-24	8350-5	......
3 months	8142-5	+38.5	8140-55	+37.5
Settlem't	8352	-48	—	......
Straits E.	£535.36	+0.02	—	......
New York	—	......		

Tin—Morning: Standard, cash £8,360, 55.50, 50, three months £8,140, 50, 45. Kerb: Standard, cash £8,350, three months £8,150, 60. Afternoon: Standard, cash £8,355, 40, 50, late-Dec 8,380, early-Feb 8,415, late-Feb £8,310. Kerb: Standard, three months £8,160. Turnover: 3,140 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	419.5-20.5	+6.5	422.5-3.5	+7.5
3 months	429.5-30	+6.5	433-.5	+8
S'ment	420.5	+6.5	—	......
Primw'ts	—	......	*44-50	......

Zinc—Morning: Three months £432.00, 31.00, 30.50, 30.00. Kerb: Three months £429.00, 30.00, 29.50. Afternoon: Three months £431.00, 30.50, 31.00, 32.00, 31.50, 32.00, 33.00, 33.50. Kerb: Three months £432.00, 33.00, 34.00, 34.50. Turnover: 12,825 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	586-.5	+2.75	586-7	+1.5
3 months	608-.5	+2	608.5-9.5	+2.5

Aluminium—Morning: Cash £586.00, 86.50, three months £613.00, 14.00, 13.00, 10.00, 08.00. Kerb: Three months £608.50, 09.00, 08.00. Afternoon: Three months £610.00, 09.00. Kerb: Three months £610.00, 11, 12.00. Turnover: 6,425 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2905-20	+55	2865-75	+22.5
3 months	2920-30	+57.5	2885-900	+2.5

Nickel — Morning: Three months £2,930, 35, 40, 35, 30, 25. Afternoon: Three months £2,940, 30, 2,520, 10, 2,900. Kerb: Three months £2,895, 90, 85. Turnover: 456 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 7.85p an ounce higher for spot delivery in the London bullion market yesterday at 454.2p U.S. cent equivalents of the fixing levels were spot 876c, up 9.8c three-month were: spot 878c, up 9.8c; three-month 903.8c, up 10.7c; six-month 932c, up 10.1c; and 12-month 995.4c, up 9.2c. The metal opened at 453-457p (880-885c) and closed at 459-463p (887-892c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	454.20p	-2.05	460.5p	+12.0
3 months	469.80p	+8.25	475.5p	+8.0
6 months	485.80p	+7.80	—	......
12months	519.50p	+7.50	—	......

LME—Turnover 129 (89) lots of 10,000 ounces.

Morning: Cash untraded three months 470.0, 69.0. Kerbs: Three months 469.0. Afternoon: Cash untraded three months 475.0, 74.0, 73.0, 75.0, 76.0. Kerbs: 475.5.

COCOA

The recent pattern of trade was continued, a relatively unchanged opening followed by a £10 dip, which was regained during the final hours of business. Cocoa physicals were stagnent, with only nearby products arousing any interest from consumers reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1152-54	+3.5	1154-39
March	1141-43	+1	1145-33
May	1146-48	-0.5	1154-40
July	1154-55	—	1158-48
Sept	1160-62	-0.5	1160-57
Dec	1177-79	—	1180-75
March	1180-87	—	—

ICCO — Daily price for Dec 8 96.25 (2,122.00). Indicator for Dec 9 96.98 (2,137.48) U.S. cents er lb with U.S. dollar per tonne equivalent.

COFFEE

Encouraged by limit gains in New York, London continued the steadier trend in good volume and in active conditions reports Drexel Burnham Lambert. A retracement to 1088 basis *March was met by trade support and dealer profit-taking, which inspired a return to the days highs to underline the recent strength.*

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	1118-19	+2.0	1132-08
March	1107-08	+12.5	1108-88
May	1098-99	+13.0	1099-83
July	1097-98	+13.5	1092-82
Sept	1097-98	+15.0	1097-88
Nov	1085-90	+10.0	—
January	1075-90	+14.0	—

Comp. daily ICA 1979 122.66 15 days average 123.46.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Dec 483.0, 484.0, 485.5-483.5, 484.0; March 493.0, 494.0, 483.0-492.5, 493.0; May 506.0, 507.0, 506.0-505.0; July 514.0, 515.0, 514.0-513.0; Oct 512.0, 513.0, 512.0-512.0; Dec 517.0, 520.0; March 521.0, 525.0; May 526.0, 530.0. Sales: 123.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 359, 370, 370-385; Jan 384n 469, 368-367; March 374, 377, 378-375; May 385, 387, 387-386; Aug 400, 402, 403-401; Oct 404, 406, 405; Dec 408, 410, 410-409; Jan 410, 412, 412-411; March 418, 420, 421-419; May 427, 430, 431-427. Sales: 252 lots.

GAS OIL FUTURES

Prices were steadier today reflecting a nervous reaction to the recent $10 fall from the highs.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
December	319.00	+0.50	319.00-13.00
January	320.00	+1.25	320.50-18.75
February	320.00	+1.50	321.00-1.75
March	319.00	+1.25	319.00-17.00
April	317.00	+0.75	317.75-17.00
May	316.00	—	316.50-16.00
June	316.00	—	316.50-16.00
July	317.00	—	—
August	316.50	+0.50	—

GRAINS

Snow and cold weather firmed the market this morning with old crop wheat reaching 5p up, and old crop barley 15p up. Hedge selling and liquidation of the spot month eased the market around 10p up wheat and around unchanged on barley. Afternoon session saw further liquidation of the January positions and the market closed 5-15p down wheat and unchanged-10p up barley. New crops were not very active and closed unchanged-5p up wheat and unchanged.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Jan	108.10	+0.05	104.05	—
Mar	111.35	+0.30	107.10	-0.5
May	114.45	-0.05	110.05	+1.0
July	117.25	-0.10	—	—
Sep	105.95	—	101.05	—
Nov	109.45	+0.05	104.90	—

LONDON GRAINS—(Stg tonne, cif sellers unless stated): CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Sring No. 2 14 per cent Dec 109, Jan 115.50 transhipment East Coast seller. U.S. hard winter 13½ per cent unquoted. EEC unquoted. English feed fob Jan/March 114 East coast seller. Maize: U.S./French first half Dec 128.50, second-half Dec 129.50, Jan 131 quoteds transhipment East coast seller. S. African white. S. Africa yellow Dec 83. Barley: English feed fob Jan/March 110.25 East coast. Sorghum: U.S./Argentine unquoted. Oats: Scand feed unquoted.

HGCA — Vocational ex-farm spot prices S. East feed wheat 105.30; Feed Barley 102.70; S. West Feed Barley 102.00; W. Mids Feed Wheat 104.80; Feed Barley 101.00; N. West other milling wheat 108.30; Feed Wheat 105.00; Feed Barley 102.40. The UK monetary coefficient for the week beginning Monday Dec 14 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

RUBBER

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Jan	52.00-52.30	52.20-52.60	52.50-52.00
Feb.	52.10-52.30	52.20-52.80	—
Jan-Mar	52.20-52.30	52.30-52.40	52.20-52.00
Apl-Jne	55.40-55.50	55.60-55.70	55.70-55.30
Jly-Sept	58.50-58.60	58.70-58.80	58.00-58.50
Oct-Dec	61.70-61.80	61.90-62.50	—
Jan-Mar	64.90-65.00	65.10-65.20	—
Apl-Jne	67.80-68.00	68.20-68.30	68.00-67.90
Jly-Sept	70.80-71.00	71.20-71.40	71.00-70.90

SOYABEAN MEAL

London Market opened unchanged in quiet conditions, reports T. G. Roddick. Prices remained in a narrow trading range throughout the day helped by weaker sterling. Volumes of 100 tonnes (116) today 39.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
December	129.20-30.5	+1.06	129.50
February	130.00-30.1	+0.10	130.00-29.50
April	131.70-32.1	+0.10	131.80
June	132.00-32.3	+0.60	132.20-32.25
August	132.50-34.5	+0.50	—
October	132.50-37.5	+0.50	—
Dec	133.00-38.0	-2.50	—

Soyameal—Dollars tonne cif Rotterdam 44 per cent protein U.S. afloat 239, Dec 240, Jan 241, Feb 244, March 248.60, April/Sept 248, sellers. Brazil pellets afloat 252.50, 25 Nov/24 Dec 252, Dec 255, Jan 262, Feb 263, Jan/March 263, April/Sept 255 sellers.

Soyabeans (dollars tonnes CIF Rotterdam)—U.S. No. 2 Yellow Gulfports Dec 256.50, Jan 262, Feb 266, March 269, April 271.50, May 273, June 275.50, July 276, August 279, Sept 276.50, Oct 277, Nov 277, Dec 284.50 sellers.

SUGAR

Arbitrage selling against Paris produced a weaker opening and prices fell some /2 below kerb levels, reports C. Czarnikow. The lows were short-lived however and all the losses were recovered later.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	168.80-70.00	164.00-65.00	168.00-68.00
March	171.50-71.75	167.70-67.80	172.50-67.75
May	175.50-75.80	169.80-69.70	174.50-70.00
Aug	178.75-76.85	172.50-72.40	177.50-75.00
Oct	181.10-81.50	177.00-77.25	182.00-79.20
Jan	182.00-84.00	171.00-79.80	185.00
March	186.00-89.00	185.00-85.50	188.00-84.00

Sugar — Closing Jan 2 12.75, (12.90): March 2 13.15 (13.24): May 2 13.26: July 2 13.45: Sept 2 13.66: Oct 2 13.84: Jan 3 13.93: March 14.30: May 3 nil.

Tate and Lyle delivery price for granulated basis white sugar was £375 (same) a tonne for home trade and £272 (£267.50) fob for export.

COTTON

Liverpool—Spot and shipment sales amounted to 144 tonnes, bringing the total for the week so far to 214 tonnes. Steady purchasing of specialist qualities was reopned, but again the main source of interest centred on middle eastern supplies, with scattered support in north and south American growths.

JUTE

HIDES—Birmingham: Second clears, Ox 31/35.5, 62.3 (62.3): 26/30.5, 84.4 (66.0): 22/25.5, 72.0 (73.5): Light cows 25.5/un, 71.5w (74.0).

POTATOES

LONDON POTATO FUTURES—Dec 8. Market opened firmer in expectation of bullish PMB figures, but by lunch had lost days gains to close at around overnight levels. After PMB announcement of 3.913m. tonnes stocks held at end October, further buying hit stop loss orders, with closes slightly under the days highs. (Close, high, low.) Feb 94.00, 94.40, 91.70; April 107.70, 108.00, 104.10; Nov. 68.00, 68.00, —; total traded 1,057 (449) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD. Pence per pound. Beef: Scotch killed sides 82.0-85.0. Eire hindquarters 94.0-97.0, Eire forequarters 60.5-62.5. Veal: Dutch hinds and ends 127.0-130.0. Lamb: English small 76.0-85.0, English medium 77.0-84.0, Imported frozen—New Zealand PL 62.0-63.0. New Zealand YL's 58.0-59.0. Pork: English, under 100 lb 47.0-56.0, English, 100-120 lb 46.5-55.0, English 120-160 lb 42.0-53.0. Hares: 350.0-400.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce—Oranges—Moroccan: Navels 48/113 4.20-4.50: Outspan: Valencia Lates 48/56/72 4.40, 88 3.60, 112 3.30, 138 3.25, 150 3.25; Spania: Navels/Navelinas 42/130 4.00-5.00. Clementines—Spania: 4.00-4.50; Moroccan: 2/6 3.50-4.50. Satsumas—Spania: 3.20-3.60. Lemons—Outspan: 88/162 4.50-6.00; Cyprus: 3.30-4.50; Jaffa: 125/150 5.00-5.25; Italian: 60/150 4.50; Spania: 40/50 2.40-2.50. Grapefruit—U.S.: Pink 32/48 6.80-7.50; Cyprus: Large cartons 3.60-4.80, small cartons 2.80-3.40; Cuban; Pink 2.00-2.50; Jaffa: 38/88 3.80-4.55. Apples—French: New crop, Golden Delicious 20 lb 3.30-3.60, 40 lb 6.50-7.50, Stark Crimson 40 lb 7.00-8.00, 20 lb 3.40-4.00, Granny Smith 7.50-8.50; Canadian: Red *Delicious* 9.00-11.00; U.S.: Red Delicous 9.00-13.00; Hungarian: Starking 6.80; Dutch: Cox's 26 lb 4.80-5.20. Pears—Dutch: Comice 14 lb 3.80-3.90, Conference, per pound 0.14-0.18. Peaches—Zimbabwean: 4.50-5.50; S. African: 4.50-5.50. Nectarines—Argentina: 35/45's 10.00. Apricots—S. African: Per pound 1.00. Plums—U.S.: Per pound 0.48-0.50; S. African: Santa Rosa, per pound 1.30. Grapes—Spanish: Almeria 11 lb 2.20-3.00, Negra 3.20-4.00; Italian: Italia 2.50-3.00; U.S.: Almeria per pound 0.50, Red Emperor 0.70. Cherries—S. African: Per pound 1.00-1.30. Strawberries—Kenyan: 8 oz *0.70-0.80; New Zealand: 8 and 12 oz* 1.00-1.30; Israeli: 1.00. Raspberries—S. African: 8 oz 1.80. Litchees: Mauritius: Per pound 1.20-1.25; S. African: 1.25. Melons: Spanish: 10 kilos, green 5.00-7.00. Pineapples—Ivory Coast: Each 0.40-1.00. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 5.50-6.00, small box 2.50; Israeli: 3.60-4.20; Canary: Large box 5.00, small box 4.00. Mangoes—Kenyan: 8/16 5.00; Brazilian: 8.00-8.50. Pomegranates—Israeli: 3.30-3.60. Dates—Tunisian: 30 0.50-0.60; U.S.: 0.44-0.45. Figs: Turkish: 48 x 8 oz 0.19-0.20. Tomatoes—Dutch: 3.80-4.00; Spanish: 2.00-3.30; Canary: 2.20-3.60. Onions—Spanish: Grano 3/5 3.50-4.50. Capsicums—Dutch: 5 kilos, red 5.50, yellow 6.00-6.50; Canary: Green 3.80-4.00, Red 5.20.

English Produce—Potatoes: Per 55 lb. White 2.00-2.50, Red 2.50-2.80, King Edward's 2.80-3.00. Mushrooms: per lb: open 0.40-0.60, closed 0.60-0.70. Apples: Per lb. Bramley 0.22, Cox's 0.20-0.28, Spartan's 0.20-0.25, Russets 0.15-0.25. Pears: Per lb Conference 0.14-0.20. Comice 0.18-0.24. Cauliflowers: Per 12, Kent 3.60-4.50, Lincoln 3.00-3.50. Cabbages: Per 30 lb bag, *Primo/Jan Jing* 1.00-1.40. *Lettuce: Per* 12, round 1.20-1.60. Radishes: Per 12 x 8-oz pack 1.40. Onions: Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.00-2.60. Carrots: Per 26/28lb 0.70-1.20. Parsnips: Per 28 lb 1.20-2.00. Swedes: Per net 0.70-1.00. Leeks: Per 10lb 1.00-1.50. Sprouts: Per 20-lb 1.60-2.20. Turnips: Per 28-lb 1.20-1.40. Celery: Per 16/36, Hassey 3.50-4.00. Brussels Tops: Per 25-lb 1.20-1.40. *Spring Greens: Per* 25-lb 1.50-1.80. Savoys: Per 25-lb 1.00-1.20. Rhubarb: Per 14-lb 3.80-4.00.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5-£7, codling £3.20-£4.30, large haddock £3.80-£4.60, medium haddock £2.60-£3.40, small haddock £1-£1.80, large plaice £5.10, medium plaice £4.60, best small plaice £4.20, skinned dogfish (medium) £3.50, lemon soles (large) £13.50, (medium) £12, saithe £2.40-£3.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 8 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1120/50	......	$1100/150
Copper			
Cash h grade	£874.5	-0.75	£899.75
3 mths	£895.25	+0.75	£928.75
Cash Cathode	£870	-1.0	£894
3 mths	£890.25	-0.75	£923
Gold troy oz	$418.5	+2	$439.25
Lead Cash	£342.25	+4.25	£371.25
3 mths	£352.25	+4.0	£385.25
Nickel	£3678.69	......	£4,189.5
Free mkt	240/290c	......	221/30c
Platin'mtr'y oz	£260	......	£260
Freemkt	£217.35	+4.70	£221.30
Quicksilver†	$420/425	......	$422/427
Silver troy oz	454.20p	+8.05	482.90p
3 mths	469.80p	+8.25	501.20p
Tin Cash	£8,362.5	......	£8205
3 mths	£8,417.5	+37.5	£8500.5
Tungsten22.0lb	$137.32	......	$141.65
Wolfrm 22.04lbs	$124/128	......	$155/158
Zinc Cash	£423	+7.5	£496.5
3 mths	£453.25	+8	£511.25
Producers	$920/50	......	$1000
Oils			
Coconut (Phil)	$557.50	-2.50	$580
Groundnut	$765w	......	$800
Linseed Crude	‡	......	£460
Palm Malayan	$482.50	......	$510
Seeds			
Copra Philip	$350	......	$385
Soyabean (U.S.)	$265	+2.50	$264.5
Grains			
Barley Fut. Mar	£107.10	+0.05	£103.90
Maize	£128.5	......	£127.25
Wheat Fut. Mar	£111.35	-0.05	£108.90
No2 HardWint	‡		‡
Other commodities			
Cocoa ship't*	1228.0	......	£1,228
Future Mar.	£1142.0	+2	£1155.5
Coffee Ft' Mar	£1107.5	+23.5	£1148.5
Cotton A.Index	67.95p	......	74.85c
Gas Oil Jan.	—	......	$322.5
Rubber (kilo)	51.00	-1.75	56.5p
Sugar (Raw)	£162.00	+4	£157
Woolt'ps 64s kl.	370p	......	350pkilo

‡ Unquoted. w Dec-Jan. x Jan. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, December 8.

THE PRECIOUS Metals and Copper came under pressure late in the day on commission house liquidation. Profit taking accounted for declines in Coffee and Sugar, while Cocoa sold off on Commission House selling. The livestock complex was mixed, with hogs firmer on anticipation of firmer cash markets. The Grain and Soyabean complex was sharply lower on continued liquidation, and fresh technical selling. Cotton was lower on firmer loan rate. Heating Oil came under pressure from commission house selling, reported by Heinold Commodities.

Copper—Dec 74.00 (75.25). Jan 74.55 (75.85), Feb 75.35, March 76.10-76.20, May 77.50-77.60, July 79.25-79.45, Sept 80.80, Dec 82.35-82.70, Jan 84.00, March 85.65, May 87.30, July 88.95, Sept 90.60.

*Gold—Dec 410.0-411.0 (417.3), Jan 412.4 (420.5), Feb 415.0-416.5, April 422.0-424.0, June 430.0-431.0, Aug 440.0, Oct 449.2, Dec 457.5, Feb 467.3, April 476.8, June 486.4, Aug 496.0, Oct 505.8.

§Platinum—Dec 400.0 (415.4), Jan 399.0-402.0 (417.9), Feb nil, April 408.5-411.0, July 421.0, Oct 433, Dec nil, Jan nil.

Potatoes (round whites)—Feb 70.0 (70.0), March 74.4 (75.0), April 83.9-84.2, Nov 76.3.

¶Silver—Dec 880.0 (886.5): Jan 890.0 (892.2): Feb 891.2: March 898.0-902.0: May 915.5-918.0: July 937.0-942.0: Sept 958.5: Dec 968.0: Jan 997.7: March 1017.2: May 1036.7: July 1056.2: Sept 1075.7.

CHICAGO, December 8.

Lard—Chicago loose 18.50 (18.50) cents per lb nom.

Live Cattle—Dec 59.80 (59.65): Feb 58.75 (58.95): April 58.87: June 59.65: Aug 59.30: Oct 57.97: Dec 59.10.

Live Hogs—Dec 42.12 (41.52), Feb 42.62 (42.40), April 41.37, June 43.80, July 44.65, Aug 43.90, Oct 43.00, Dec 44.25, Feb 45.00.

‡‡Maize—Dec 254¾-255¼ (258½): March 273¾-272¼ (277½), May 283½-284, July 290½-290¾, Sept 294¼, Dec 299½-299¾.

Pork Bellies—Feb 55.75 (58.95), March 55.77 (56.90), May 56.82, July 57.70, Aug 57.25.

Soyabeans—Jan nil (651), March 642-645 (666½), May 660½-661½, July 673-674, August 676, Sept. nil, Nov nil, Jan nil, March nil.

‖Soyabean Meal—Dec 187.0 (192.5), Jan 186.5-187.0 (193.4), March 188.5-186.8, May 190.5-191.5, July 193.0, August 194.5, Sept 195.0-195.5, Oct 195.0, Dec 198.0.

Soyabean Oil — Dec 19.55-19.60 (19.99): Jan 19.73-19.77 (20.26), March 20.38-20.40, May 21.00-20.95, July 21.55, Aug 21.75-21.70, Sept 21.80-21.84, Oct 21.90, Dec 22.50.

†Wheat—Dec 391½-392½ (401), March 411-412½ (421½): May 417-417½, July 413-413½, Sept nil, Dec 428.

WINNIPEG, December 8.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 228.74 (233.24).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa—Dec 2015 (2034), March 2049 (2072), May 2076, July 2095, Sept 2123, Dec 2147, March 2187, May nil. Sales: 1,360.

Coffee—"C" Contract: Dec 147.00 (141.40), March 136.23 (132.23), May 131.20, July 129.00-129.50, Sept 127.01-127.60, Dec 125.50, March 123.50-124.50, May 119.00-124.00.

Copper—Dec 75.00-75.30 (76.55), Jan 75.85 (77.10), Feb 76.70, March 77.30-77.70, May 79.20-79.30, July 80.70, Sept 82.10, Dec 84.65, Jan 85.20, March 86.20, May 88.40, July 90.00, Sept 91.60.

Cotton — No. 2: Dec 60.40-60.50 (61.15), March 62.36-62.40 (63.12), May 63.85-63.91, July 65.50-65.51, Oct 67.60-67.90, Dec 69.05-69.10, March 70.16-70.26, May 71.50-71.70. Sales: 3,600.

Tin—7.28-7.33 nom (7.28-7.38).

CHICAGO, December 7.

Chicago Imm Gold — Dec 418.9 (421.7), March 427.1-428.0 (432.2), June 438.5-439.0, Sept 451.0, Dec 463.4, *March* 476.2, June 489.3, Sept 502.6, Dec nil, March nil.

EUROPEAN MARKETS

Maize—U.S. No. 3 Corn Yellow, *All 122, Dec 120.50*, Jan 123, Feb 16, March 129, Jan/March 126, April/June 131, July/Sept 135, Oct/Dec 138. Rye—U.S. No. 2 unq. Oats—Plato Jane 180. Oats—2/38 lb Dec 190. Barley—unq. Sorghum—U.S. 2/plate granifero Dec 132, Jan 143 quoted.

Rotterdam. Grains—U.S. No. 2 Dark Hard Winter Wheat 13.5 per cent, mid-Dec/mid-Jan 209, mid-Jan/mid-Feb 211, mid-Feb/mid-March 214. U.S. Winter Wheat ordinary unq. U.S. No. 2 Red Winter Wheat Dec 177.50, Jan 187, Feb 187. Three amber dudum AFL 194 Dec 194, mid-Jan/mid-Feb 208, U.S. No. 2 Northern Spring Wheat 14 per cent, AFL 189, Dec 190, Jan 202, Feb 204, March 207. Canadian Western Red Spring Wheat April/May 220.

Paris, December 7, 1981. Cocoa—Dec 1,210/1,240; March 1,235/1,238 BA with 1,234/1,235p; May 1,250/1,254 BA; July 1,276/1,290 BA; Sept 1,285/1,295 BA; Dec 1,295/1,310 BA; March 1,305/1,320 BA; sales at call six accumulative total 37, yesterday's official turnover: 760.

Sugar closing: March 1830-1895, May 1932-1940, July 1950-1970, August 1980-2000, Oct 2040-2065, Nov 2040-2065, Dec 2063-2095, March 2085-2120.

INDICES

FINANCIAL TIMES

Dec. 7	Dec. 4	Month ago	Year ago
247.89	249.84	257.73	262.50

(Base: July 1, 1952=100).

MOODY'S

Dec. 7	Dec. 4	Month ago	Year ago
984.9	992.3	1001.8	1260.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Dec. 7	Dec. 4	Month ago	Year ago
Spot	362.72	365.89	362.35	440.1
Futures	368.89	371.18	375.72	485.49

(Average 1924-25-26=100)

REUTERS

Dec. 8	Dec. 7	M'nth ago	Year ago
1601.0	1605.4	1627.7	1725.7

(Base: September 18, 1931=100)

Miners' moves put finishing touch to drab markets
Equity index falls 11.8 to 521.7—Lofs strong again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 22	Jan 4
Dec 23	Jan 7	Jan 8	Jan 18

* "New time" dealings may take place from 9 am two business days earlier.

The miners' rejection of the Coal Board's latest pay offer and the premature result of their presidential election put the finishing touch to a drab day in London stock markets yesterday. Leading shares were guided by the overnight New York tone and opened slightly easier. Although early interest was curtailed by the bad weather conditions, the absence of buyers soon became noticeable and quotations drifted still lower.

The downturn gathered pace as occasional offerings later found the market unwilling and the FT 30-share index went progressively lower throughout the session to close 11.8 down at the day's lowest of 521.7. Announcement of the November banking statistics, and its indication of a much slower rise in sterling M3 during the month, failed to steady sentiment in either leading equities or Gilt-edged.

Secondary equities, in contrast, held up relatively well, but it was again situation stocks which provided the main source of interest. Lofs were particularly strong following an attempt to acquire a 5 per cent holding in the company and rose 12 to 53p for a two-day gain of 19; it was announced last night that a Panamanian concern, acting for an Indonesian businessman, now owns a 17.23 per cent stake in Lofs. Satisfactory interim results failed to sustain recent market newcomer Cable and Wireless and the close was 4 down at 198p.

Gilt-edged securities also sustained a further setback yesterday. The reaction largely reflected the continuing lack of investment funds, but sentiment was additionally affected by the latest banking figures, which came as a disappointment to some optimists, and an ailing U.S. bond market. Long-dated stocks fell in continued thin trading to close with falls ranging to ⅝, while losses in the shorts extended to ¼. The FT *Government Securities index* lost 0.44 more to 63.87 for a two-day fall of 0.74.

Demand for Traded options contracted sharply and only 844 deals were completed, the lowest total for three weeks. Calls totalled 683 of which Imperial and Courtaulds accounted for 119 apiece.

Cable and Wireless, after touching 203p immediately after the interim figures, reacted to 197p before closing a net 4 down at 198p.

Banks dull

The debut of the heavily-oversubscribed **Computer and Systems Engineering** was disappointing; the shares opened at 240p and closed at 235p compared with the offer price of 225p.

Already around 8 lower at the "house" close following the latest banking statistics, the major clearers reacted further after-hours to end with falls ranging to 15. NatWest dropped that much to 395p, while **Barclays** shed 13 to 447p as did **Lloyds**, to 437p. **Midland** cheapened 8 to 332p.

With the exception of Eagle Star, which hardened to 339p on continuing bid hopes, Insurances succumbed to the malaise. **General Accident**, 334p, **GRE**, 306p, and **Royals**, 350p, all lost 8, while **Sun Alliance** dipped 10 to 860p. **C. E. Heath** gave up 8 at 270p.

Breweries lacked support and most finished at the day's lowest. Despite preliminary profits at the top end of market expectations, **Bass** eased 3 to 209p. **Whitbread** shed 5 at 135p, while *Allied-Lyons dipped 2½ to 72p.* Excellent full-year results from **Matthew Brown** were overshadowed by the accompanying £4.65m rights issue and the close was 8 lower at 166p. **Wolverhampton and Dudley**, which also revealed annual results, gave up 4 to 212p, while **Belhaven** lost 3 to 19p on news that Mr Eric Morley had sold 300,000 shares in the company. Elsewhere, **Distillers** came under pressure and fell 9 to 183p, while **Arthur Bell** eased 4 to 146p.

Frasers active

Buildings joined in the downturn *and Blue Circle* closed 8 lower at 480p and **Tarmac** 6 off at 380p, while **BPB Industries** gave up 4 at 320p. Against the trend, **Wimpey** attracted fresh investment demand and rose 2 to 94p. Among Timber issues, **Montague L. Meyer** touched 69p before settling a penny dearer *on balance at 67p following* better-than-expected interim profits, but **International Timber** finished that much cheaper at 86p, after 90p, the chairman's cautious statement outweighing half-yearly profits above market estimates. **Phoenix Timber**, first-half results due on Friday, gained 2 to 102p.

ICI continued to fall after-hours and ended a net 8 lower at 288p. **Fisons** shed 7 to 135p and **Coalite** 4 to 107p, the latter on disappointment with the interim results.

Leading Stores were again dominated by **House of Fraser** *which traded briskly awaiting* the outcome of the Monopolies Commission's investigation into the offer from **Lonrho**, expected at 9.30 this morning; Fraser, an exceptionally dull market of late, rallied to 163p before the resumed nervous selling left a close of only a penny dearer on balance at 156p. Lonrho held steady at 80p. Other Store majors drifted lower in a subdued trade. **Burton** eased 4 to 130p, while recently firm **Mothercare** gave up a couple of pence at 158p. Interest in secondary issues was mainly confined to those reporting trading statements. **Kean and Scott** advanced 4 to 36p following the interim figures, while **NSS Newsagents** improved to 150p *after a pleasing preliminary* statement before reverting to the overnight 148p. **N. Brown**, mid-term results due today, picked up 4 more to 87p. Renewed speculative demand lifted **Polly Peck** 12 to 375p, and **Cornell Dresses** rose 9 to 143p in sympathy.

Thorn EMI lost 8 to 455p and **Plessey** 7 to 333p as popular Electrical leaders drifted lower on sporadic offerings and lack of fresh support. **GEC** shaded 5 to 785p, while **Philips Lamps**, on the disappointing interim statement, gave up 15 at 415p. Elsewhere, **Cray Electronics** firmed 4 to 108p in response to the higher first-half profits and proposed 100 per cent scrip-issue. **Ward and Goldstone** made a new 1981 peak of 116p immediately following the interim figures before reacting to close unchanged on the day at 112p. Recently-firm **Amstrad** rose 8 more to 246p, while improvements of 4 and 6 respectively were seen in **Dubilier**, 51p, and **Rediffusion**, 172p.

Engineerings contributed to the dull trend and **Hawker** gave up 6 at 320p, while **GKN** shed 5 to 164p. Sentiment in **John Brown** remained clouded by the recent profits warning and the close was 2½ lower at 58½p. **Tubes** lost 4 to 100p and **Vickers** 4 at 154p. Secondary stocks were featured by a rise of 4 to 43p in **Mitchell Somers** in response to the strong first-half profits recovery and resumption of an interim dividend payment. Renewed speculative support in *a thin market helped G. M. Firth* advance 8 to 198p, while **Brasway**, interim figures due on Monday, put on 3 at 67p. **Laird** hardened a couple of pence to 121p on Press comment, but **Birmingham Mint** dipped 4 to 183p following lower interim profits. **Westland** softened a penny to 113p awaiting today's preliminary results.

Foods succumbed and **Cadbury Schweppes** lost 2 to 85p, while **J. Sainsbury** shed 5 to 490p. **Unigate**, interim results due on December 18, lost 2 at 96p, and **United Biscuits** finished 3 cheaper at 111p. Second-thoughts about the interim results left **George Bassett** 9 down at 60p, while **Linfood** shed 2 to 155p *after its half-yearly figures.*

Leading Hotels and Caterers closed at the day's lowest with **Grand Metropolitan** 6 off at 180p and **Trusthouse Forte** 4 cheaper at 121p.

European Ferries down

A firm market the previous day reflecting Press suggestions of a possible bid from Trafalgar House, **European Ferries** lost 5 to 73p following the Monopolies Commission's rejection of the group's proposed merger with Sealink UK. Elsewhere in miscellaneous industrials, **John Williams** lost 2 to 17p on news of the £1.3m annual deficit and final dividend cut, while persistent offerings in an unwilling market saw **BTR** fall 18 to 336p. **Rolfe and Nolan**, on the other hand, rose 7 to 55p in response to the doubled first-half profits and the Board's forecast of a record outcome for the full year, while **Marling Industries** gained 2½ to 31p also on *good half-year* results. **GR Holdings** found support at 210p, up 15 and **CSR** gained 12 to 246p. Fresh speculative buying left **Gripperrods** 6 better at 109p, while still reflecting recent Press comment, **Alpine** rallied 4 to 48p. **Highgate and Job** touched 39p before clos*ing a penny easier on balance at* 36p after Monday's jump of 9 which followed the announcement that Dalgety had sold its entire 36.09 per cent shareholding in the company. Late sentiment in the leaders was further undermined by the miners' rejection of their pay offer and closing falls ranged to 8. **Glaxo** lost that much to 414p and **Unilever** receded 7 to 608p.

Oils drift

Properties held up reasonably well and losses were confined to a couple of pence or so. **Land Securities** lost the turn to 312p, *as did MEPC, to 247p.* **British Land** softened 2 to 82p and **Stock Conversion** shed a similar amount at 333p. Elsewhere, recently-firm **Federated Land** closed 2 cheaper at 148p; the managing director is to resign in the near future and sell 1.6m shares, or 14.7 per cent, of his *personal holding of 1.95m shares.* **Trust Securities**, also a good market of late, encountered profit-taking and shed 10 to 300p, but **Anglo Metropolitan** gained 5 to 85p; the latter company is in receipt of an offer currently worth approximately 95p per share from First Pennsylvania Mortgage Trust.

Leading Oils drifted progressively lower on sporadic selling. **British Petroleum** closed 6 down at 324p and **Shell** 4 off at 404p. Similar falls were marked against **Burmah**, 124p, and **Tricentrol**, 248p, while **Candecca**, a rising market recently on hopes of a Humberside oil find, reacted 10 to 218p on profit-taking. Against the trend, **IC Gas** gained 5 to 190p following the satisfactory interim results, while **Anvil Petroleum** put on 10 for a two-day gain of 19 to 143p following an investment recommendation.

Overseas Traders featured **Inchcape**, which closed 15 lower at 282p following the sale of its Toyota distribution network in Malaysia to local interests for £31m. International meat traders **Thomas Borthwick** gained the turn to 15p on the much smaller loss.

London **and** *Overseas* **Freighters** made further spectacular progress following a market raid whereby an unnamed party was offering 50p per share for up to 5 per cent of the company's equity; Lofs closed 12 up at 53p. It was revealed after the market close that an Indonesian, Mr Faisol Hashim, now controls *17.23* per cent of Lofs.

Claremont active

Australians continued to dominate activity in mining markets.

Renewed optimism over the recent Jackson No 1 oil discovery in the Queensland sector of the Cooper Basin lifted **Claremont Petroleum** to a record 89p before profit-taking pared the close to 84p, a net gain of 2.

The other participants in the well were actively traded and mixed. **Santos** gave up 5 to 385p and **Ampol Exploration** 11 to 195p, while **Oil Company of Australia** eased a penny to 29p. On the other hand **Vamgas** added 25 more to 675p.

The leading Australian mining issues were also mixed. **MIM Holdings** gave up 10 to 210p, **Western Mining** 9 to 258p and **Peko-Wallsend** 5 to 375p. **Bougainville**, a weak market of late, rallied 8 to 88p, while **Bond** *Corporation, a major holder of* Santos, rose a like amount to 162p.

In the more speculative issues **Mincorp**, a minority holder in the Woodada gas field, jumped 10 to 35p, **York Resources** added 4 at 27p and **Pelsart Resources** advanced 3 to 28p.

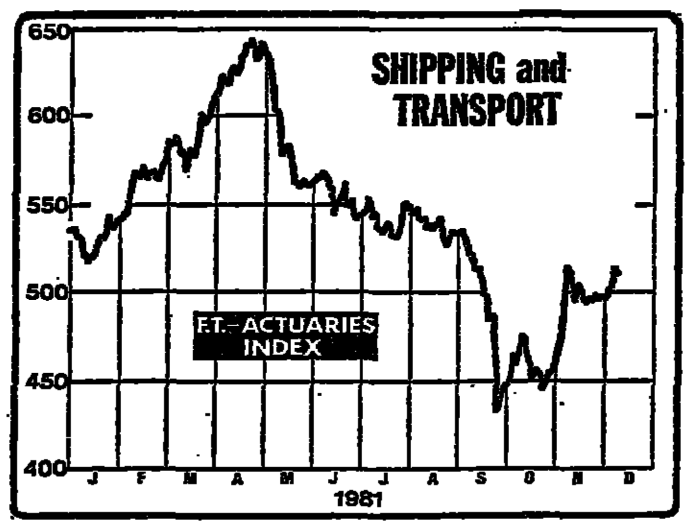
Coals attracted good demand; **Meekatharra Minerals** advanced to a 1981 high of 480p but encountered profit-taking and closed a net 40 firmer at 440p.

Financials were quietly steady, reflecting the lack of movement in base and precious metal prices. London issues showed gains of 3 common to **RTZ** and **Gold Fields** at 473p and 500p respectively but **Charter Consolidated**, the subject of profit-taking, eased 4 to 248p.

South African Golds were again boosted by bear covering, following the $2 rise in the bullion price to $418.50 an ounce. The Gold Mines index rose 2.6 more to 334.7—its fourth successive improvement.

Turnover remained minimal, however, and share prices were looking uncertain in after hours trading ahead of the generally disappointing dividend declarations from the mines in the Gold Fields group.

Elsewhere, **Pengkalen Tin** rose 7 more to equal the year's high of 202p reflecting continued takeover speculation.



FINANCIAL TIMES STOCK INDICES

	Dec. 8	Dec. 7	Dec. 4	Dec. 3	Dec. 2	Dec. 1	A year ago
Government Secs	63.87	64.31	64.61	64.05	64.30	64.21	69.52
Fixed Interest	64.50	64.77	64.75	64.64	64.61	64.53	71.67
Industrial Ord.	521.7	533.5	529.3	519.9	531.0	530.8	465.9
Gold Mines	334.7	232.1	330.3	327.5	312.0	315.0	467.8
Ord. Div. Yield	5.79	5.68	5.72	5.80	5.69	5.72	7.62
Earnings, Yld. % (full)	10.10	9.91	9.97	9.96	9.77	9.79	17.10
P/E Ratio (net) (*)	12.67	12.91	12.83	12.84	13.08	13.07	7.16
Total bargains	17,304	16,639	18,813	17,537	16,530	16,013	18,756
Equity turnover £m.	—	113.08	151.81	122.61	119.65	95.60	131.63
Equity bargains	—	14,502	16,063	13,849	11,758	13,363	14,011

10 am 530.2. 11 am 538.9. Noon 528.4. 1 pm 527.4. 2 pm 527.3. 3 pm 525.9.

Latest Index 01-246 8026

* Nil=11.31.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

† Correction

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (29/3)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 7	Dec. 4
—Daily		
Gilt Edged Bargains	193.8	198.2
Equities Bargains	94.0	104.1
Value	238.6	306.8
5-day Avrge.		
Gilt-Edged Bargains	189.1	194.1
Equities Bargains	90.0	89.4
Value	243.6	242.5

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (17)

AMERICANS (1)
American Nat. Res.

BANKS (1)
Bank of Scotland

BUILDINGS (2)
Aberthaw Cement Warrington

ELECTRICALS (2)
Amstrad Ward & Goldstone

ENGINEERING (4)
Brasway Mitchell Somers
Firth (G. M.) Yarrow

INDUSTRIALS (3)
G.R. Holdings United Carriers
Marling Inds.

PROPERTY (2)
C.A.L.A. City Offices

SHIPPING (1)
Lon. O'seas Freights.

OIL & GAS (1)
Claremont Pet.

NEW LOWS (9)

LOANS (1)
FFI (UK Fin) 10½pc Uns. Ln. 1986

CANADIANS (1)
Place Gas

BANKS (1)
Clive Discount

BUILDINGS (1)
Bett Brothers

CHEMICALS (1)
Leigh Interests

INDUSTRIALS (2)
Gestetner A Williams (J.)

OIL & GAS (2)
London Am. Energy London Am. Energy N-V Ints.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	86	6
Corpns. Dom. and Foreign Bonds	4	26	43
Industrials	167	292	896
Financial and Prop.	46	172	290
Oils	19	37	51
Plantations	2	1	19
Mines	70	19	78
Others	42	46	63
Totals	350	679	1,446

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 30	Dec 11	Mar 11	Mar 22
Dec 14	Dec 29	Mar 25	Apr 5
Jan 4	Jan 15	Apr 15	Apr 26

For rate indications see end of Share Information Service

Calls were taken out in Royal Bank of Scotland, Gripperrods, Welkom, House of Fraser, Alpine Holdings, Hargreaves, Brown and Jackson, Premier Oil, Daejan, Bryant and Lennard Oil. No puts were reported, but a double was arranged in Premier Oil.

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or –	Div. p. or amount	Times covered	Gross yield	P.E. ratio
§80	F.P.	8/1	84	80	✱A & G Sec. Elecs.5p	81	—	b2.75	2.3	3.1	20.3
§70	F.P.	30/11	73	68	✱Acsis Jewellery	72	—	u3.7	2.0	7.3	(7.8)
—	F.P.	4/12	850	775	✱Asprey	825	—	55.0	3.3	6.0	6.0
168	F.P.	8/1	205	191	Cable & Wireless 50p	198	–4	b6.3	2.0	4.6	15.6
§35	F.P.	—	35	33	✱City Site	34	+1	b0.5	1.2	2.1	56.4
§45	F.P.	—	240	237	Comp.&Systs.Eng 20p	235	—	b3.15	3.8	1.9	15.2
80	F.P.	13/1	84	81	✱Equipu	85	–1	bd3.1	2.1	3.8	12.8
140	F.P.	18/12	187	170	Exco 10p	173	–2	b4.5	2.2	3.7	17.4
—	F.P.	—	10	9	F&C Enter. Warrants	10	—	—	—	—	—
§50	F.P.	9/12	50	40	✱Gr'nw'hCable&Cm.	40	—	—	—	—	—
150	F.P.	4/1	165	160	✱Haytens	161	—	b10.5	1.8	9.4	7.4
§10½	F.P.	2/12	18	14	✱Humberside El. 10p	18	—	—	—	—	—
63	F.P.	2/12	76	69	✱JohnstonesP'nt10p	75	—	b5.55	2.5	6.7	7.8
100	F.P.	—	104	100	NewAustraliaInv.50p	102	—	—	—	—	—
US$4.25	F.P.	—	205	145	✱Nimslo Int. 20c	150	—	—	—	—	—
—	F.P.	—	10	8	Sampang (Java)2½p.	10	—	—	—	—	—
—	80p	—	82	73	✱Saxon Oil	73	–2	—	—	—	—
§67	F.P.	18/12	70	68	✱Sheldon Jones	70	—	u3.5	2.4	7.1	7.9
†	F.P.	31/12	33	31	✱Television South10p	31	—	—	—	—	—
§62	F.P.	4/12	64	60	✱V.W.	65	+1	bd5.84	2.3	8.4	6.1
—	F.P.	—	5	4½	Viners 1p	4½	—	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or –
¶¶	F.P.	—	38p	38p	Cater Ryder 4.2 2nd. Cum. Prf.	38p	—
§33p	F.P.	—	33p	31p	City Site Ests. 10% Cnv. Cum. Red. Prf.	31p	—
—	—	—	—	—	Comp. & Sys. 9.1% Cum. Red. Prf.	—	—
100	F.P.	18/12	100	100	✱Dunton 12% Conv. Cum. Red. Prf.	100	—
100	£10	25/2	13	12	Essex Water 10% Red. Prf. 1986	13	—
¶¶	F.P.	—	143p	135p	McLeod Russel 8.4% Cnv. Red. Cum. Prf.	143p	—
§100	F.P.	—	100½	100	Nat'wide Bdg. Society 15⅞% Bds (24/11/82)	100	—
§100	F.P.	—	100	100	Do. 15⅞% Bds. (13/12/83)	100	—
†	F.P.	13/12	88	86	✱Television South Loan '86-88	89	+1
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1988	118	—

Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not *now ranking for dividend or ranking only for restricted dividends.* § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit ‡‡ London Listing. ‡ Effective issue price after scrip. ‡ Comprising 50 comprising 33 Ordinary and £5 Loan 1986-88.

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or –
—	—	—	—	—	Abwood Mach.	—	—
275	Nil	13/7 2/12	340	229	BP	326	–8
2.5A$	Nil	—	92pm	60pm	C S R	92pm	+4
162	F.P.	23/12 21/1	21pm	16pm	Great Portland Estates	21pm	+1
14	F.P.	27/11 6/1	24	18	Lancaster (D.M.)	22	—
126	Nil	2/12 15/1	143	134	Northern Foods	139	–1
7¼	Nil	18/12 15/1	2pm	¼pm	Raglan Prop.	2pm	—
50	Nil	17/12 21/1	1pm	¼pm	Strong & Fisher	½pm	–½
05 cts	Nil	—	117pm	108pm	T N T	116pm	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. *m* Interim since increased or resumed. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	447	–13	Inchcape	282	–15
Cable and Wireless	198	– 4	Meekatharra	440	+40
Claremont Pet.	84	+ 2	P & Deld	120	– 2
European Ferries	73	– 5	Royal Insurance	350	– 8
Grand Met.	180	– 6	Vamgas	675	+25
House of Fraser	156	+ 1	Ward and Goldstone	112	—

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
GEC	13	790	+ 2	Royal Bk. Scot.	9	198xd	+ 3
Westland	12	114	+ 7	Sotheby P.B.	9	420	–23
ICI	10	296	+ 2	Bassett (G.)	8	69	+12
LASMO	10	452	– 3	Euro. Ferries	8	78	+ 6½
Charter Cons.	9	252xd	+ 6	Racal Elec.	8	408	– 2
Plessey	9	340	—	RTZ	8	470	+ 8
RHM	9	63½xd	+ 1	Tarmac	8	386	+ 4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Dec. 8, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Dec. 7 Index No.	Fri., Dec. 4 Index No.	Thurs., Dec. 3 Index No.	Wed., Dec. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	348.19	–0.8	10.27	4.57	12.01	351.18	348.69	345.54	349.66	280.11
2	Building Materials (25)	301.79	–0.7	14.99	5.71	7.63	303.95	302.25	300.19	301.91	258.11
3	Contracting, Construction (28)	528.77	+0.1	17.76	5.32	6.57	528.04	527.04	526.48	523.28	403.55
4	Electricals (30)	1196.64	–0.4	8.30	2.47	15.05	1201.92	1198.05	1186.97	1206.91	966.29
5	Engineering Contractors (9)	479.58	–1.2	13.21	5.79	8.84	485.21	481.34	481.37	488.42	365.49
6	Mechanical Engineering (66)	189.55	–1.0	11.11	5.75	11.51	191.51	188.52	186.39	189.36	174.96
8	Metals and Metal Forming (12)	162.20	–1.5	8.58	7.49	15.91	164.74	162.98	161.74	162.72	143.83
9	Motors (21)	92.70	–1.4	—	7.32	—	94.01	92.71	91.47	93.13	92.49
10	Other Industrial Materials (18)	365.70	–2.3	9.06	6.19	13.35	374.26	370.71	365.30	368.14	0.00
21	CONSUMER GROUP (198)	266.44	–1.5	13.47	6.17	9.13	270.52	268.70	265.54	269.07	234.83
22	Brewers and Distillers (20)	274.63	–2.9	16.37	6.94	7.36	282.76	281.09	276.53	281.24	264.80
25	Food Manufacturing (21)	261.11	–1.2	15.78	6.52	7.64	264.40	261.94	260.28	262.38	211.31
26	Food Retailing (15)	540.56	–0.8	9.83	3.62	12.38	544.93	538.91	534.73	538.97	420.87
27	Health and Household Products (7)	337.92	–1.5	9.29	4.74	12.65	343.16	340.89	332.38	338.97	234.96
29	Leisure (24)	420.68	–1.1	9.61	5.29	12.94	425.32	420.82	421.15	429.91	354.60
32	Newspapers, Publishing (12)	481.45	–0.3	12.80	6.26	11.32	482.75	482.18	485.04	482.36	420.07
33	Packaging and Paper (13)	130.68	–1.2	15.78	8.25	7.56	132.23	132.46	130.79	131.27	114.59
34	Stores (46)	237.52	–1.1	12.06	5.67	11.33	240.04	239.40	236.29	240.83	246.78
35	Textiles (23)	154.71	–1.1	10.26	6.38	12.60	156.45	157.16	154.48	157.13	120.58
36	Tobaccos (3)	252.13	–2.6	22.95	10.34	5.00	258.92	255.29	251.02	256.55	202.39
39	Other Consumer (14)	247.65	–0.2	7.78	7.30	21.28	248.16	249.15	251.17	252.42	0.00
41	OTHER GROUPS (80)	224.47	–1.3	10.88	6.19	11.05	227.44	225.14	222.74	225.41	214.43
42	Chemicals (16)	290.78	–2.3	5.47	6.17	30.72	297.69	296.20	288.99	296.54	290.67
44	Office Equipment (4)	110.78	–1.1	16.52	7.95	7.24	111.93	109.83	110.04	112.67	104.28
45	Shipping and Transport (13)	510.36	–1.2	21.00	7.24	5.67	516.53	503.88	501.55	499.27	561.11
46	Miscellaneous (47)	286.88	–0.4	12.26	5.61	10.09	287.97	285.22	284.95	285.24	263.09
49	INDUSTRIAL GROUP (487)	288.36	–1.2	11.90	5.56	10.41	291.95	289.82	286.76	290.37	282.34
51	Oils (13)	755.73	–1.4	18.84	7.47	6.01	766.45	761.41	753.38	772.92	932.50
59	500 SHARE INDEX	326.22	–1.3	13.18	5.91	9.17	330.38	328.02	324.54	329.44	306.10
61	FINANCIAL GROUP (119)	256.26	–1.3	—	5.93	—	259.56	257.92	255.54	257.77	236.59
62	Banks (6)	282.17	–2.7	31.81	6.67	3.70	290.13	287.75	282.27	286.91	246.83
63	Discount Houses (9)	260.39	–1.5	—	8.50	—	264.36	261.14	259.67	255.80	285.87
64	Hire Purchase (3)	230.43	+1.6	13.50	8.02	10.26	226.86	227.73	226.31	226.31	200.91
65	Insurance (Life) (9)	254.80	–1.0	—	6.28	—	257.48	254.95	253.92	256.95	244.25
66	Insurance (Composite) (10)	160.43	–1.9	—	8.35	—	163.47	162.95	161.07	163.04	153.70
67	Insurance Brokers (8)	406.89	–1.1	11.44	5.95	11.84	411.34	408.82	408.23	410.18	325.00
68	Merchant Banks (12)	152.53	+1.0	—	5.35	—	150.99	150.00	150.48	150.86	146.58
69	Property (50)	459.69	–0.2	4.72	3.17	28.56	460.62	458.64	456.24	457.17	436.13
70	Miscellaneous (12)	175.17	–0.3	17.20	6.02	7.11	175.77	173.78	173.00	173.17	163.34
71	Investment Trusts (110)	289.25	–0.9	—	5.59	—	291.81	287.79	287.77	289.17	281.47
81	Mining Finance (4)	245.58	+0.4	14.05	5.79	8.58	244.68	241.42	238.14	237.48	235.16
91	Overseas Traders (17)	403.25	–0.7	13.06	7.89	9.33	405.91	407.04	406.53	409.76	430.47
99	ALL-SHARE INDEX (750)	310.63	–1.2	—	5.93	—	314.37	312.04	309.89	312.97	292.18

FIXED INTEREST

	PRICE INDICES	Tues., Dec. 8	Day's change %	Mon., Dec. 7	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.60	–0.20	106.81	—	10.18
2	5-15 years	101.78	–0.59	102.67	0.29	11.99
3	Over 15 years	103.91	–0.69	104.98	0.34	12.94
4	Irredeemables	113.67	–0.48	114.22	—	13.73
5	All Stocks	103.78	–0.50	104.52	0.21	11.64
6	Debentures & Loans	80.38	–0.33	80.65	—	10.92
7	Preference	60.53	+0.29	60.35	—	6.82

	AVERAGE GROSS REDEMPTION YIELDS		Tues., Dec. 8	Mon., Dec. 7	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.11	12.99	11.84
2		15 years	13.69	13.57	11.83
3		25 years	13.66	13.54	11.83
4	Medium Coupons	5 years	15.55	15.42	13.47
5		15 years	15.57	15.44	13.57
6		25 years	14.96	14.84	13.25
7	High Coupons	5 years	15.52	15.42	13.45
8		15 years	15.73	15.61	13.79
9		25 years	15.24	15.14	13.42
10	Irredeemables†		12.96	12.90	11.44
11	Debs. & Loans	5 years	16.11	16.05	14.30
12		15 years	15.99	15.93	14.10
13		25 years	15.93	15.88	13.91
14	Preference†		16.32	16.36	14.70

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	64.6	69.5	—	2.09
Capital	38.7	41.6	−0.2	4.07
(Accum. Units)	50.0	54.1	−0.1	4.07
General	59.5	64.5	−0.6	4.77
Gilt & Fixed Int.	96.2	100.2	−0.8	13.07
Income	40.1	43.4	—	8.89
Worldwide Bond	104.4	110.4	+0.5	6.07
Inv. Tst. Fd.	51.6	55.6	+0.1	4.30
Equitas Prog.	83.2	90.0	−0.6	4.64

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	83.8	88.2	−0.7	13.76

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds				
Allied 1st	90.7	97.0	−0.8	5.56
Brit. Inds. Fund	77.1	82.5	−0.4	6.47
Growth & Income	57.4	61.4	−0.5	4.07
Elect. & Ind. Dev.	46.7	50.0	−0.2	4.80
Allied Capital	98.3	105.2	−0.7	4.74
Hambro Fund	134.6	144.0	−1.2	5.83
Hambro Acc. Fund	198.0	211.9	−1.4	4.72
Income Funds				
High Yield Fd.	65.0	69.6	−0.2	9.18
High Income	82.4	88.2	−0.4	7.26
Equity Income Fd.	47.5	50.8	−0.2	7.26
Govt. Secs.	22.8	23.4	−0.2	13.59
International Funds				
International	36.6	39.2	—	2.35
Japan Fund	29.7	31.8	—	0.53
Pacific Fund	73.7	78.9	+0.4	1.85
Secs. Of America	84.7	90.6	—	2.65
Specialist Funds				
Smaller Co.'s Fd.	57.2	61.2	+0.1	3.84
2nd Smlr. Co's Fd.	70.4	75.3	+0.1	3.98
Recovery	27.9	29.9	−0.1	4.72
Met. Min. & C'dty.	64.7	69.2	—	5.78
Overseas Earnings	77.9	83.4	−0.7	4.92
Exempt Funds				
Income Exempt	53.0	56.7	−0.3	8.71
Far East Exempt	77.4	82.7	+0.2	1.51
Smaller Co. Exempt	96.2	101.0	+0.1	3.91
U.S.A. Exempt	136.1	141.5	—	2.78

Anderson Unit Trust Managers Ltd.
62, London Wall, EC2R 7DQ 01-638 1200

Anderson U.T.	66.8	72.4	—	3.40

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	160.0	170.0	—	10.80
Leics.&Gen.Fd.	50.5	53.5	—	7.33

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	40.4	43.4	—	2.50
Do. Accum.	51.8	55.7	—	2.50

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital	33.0	35.9	—	—
Commodity	81.9	89.2	+1.2	2.45
(Accumulation)	130.9	142.5	+0.3	2.45
(10% Withdrawal)	57.5	62.6	+0.1	2.45
Eastern & Internatl.	51.7	56.7	−0.4	1.00
(6% Wdrawal)	34.4	37.8	−0.3	1.80
Extra Income	78.2	85.2	−0.2	11.29
(Accumulation)	102.4	111.6	−0.3	11.29
Finance & Property	24.2	26.3	−0.1	4.25
Foreign	132.8	144.7	−1.1	1.00
Giants	47.5	51.7	−0.2	4.80
(Accumulation)	63.1	68.7	−0.4	4.06
Gilt & Fixed	37.2	39.6	−0.3	13.65
(Accumulation)	43.5	46.3	−0.4	13.65
Growth	41.6	45.3	−0.1	4.80
(Accumulation)	55.4	60.3	−0.4	4.80
High Income	34.2	37.2	—	9.84
(Accumulation)	60.4	65.8	−0.1	9.84
(8½% Withdrawal)	45.4	49.4	—	9.84
High Yield	36.1	39.3	−0.1	12.32
(Accumulation)	69.4	75.6	−0.1	12.32
North American††	36.6	39.8	+0.2	1.00
Preference	18.4	20.0	—	14.97
(Accumulation)	39.3	42.8	—	14.97
Smaller Companies	36.5	39.7	+0.1	3.37
(Accumulation)	37.0	40.3	+0.2	3.37

Archway Unit Tst. Mgs. Ltd.(a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	116.6	125.4	—	5.76

Prices December 3. Next sub. day December 10.

Arkwright Management
Parsonage Gdns., Manchester 061-834 2332

Arkwright Fd. Dec. 8	95.5	104.1	+0.2	5.00

Barclays Unicorn Ltd.(a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	38.7	41.6	−0.1	1.29

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	27.8	30.2	−0.2	1.64
Australian (z)	24.3	26.3	+0.7	0.95
Far Eastern Tst. (z)	42.5	45.1	−0.1	1.23
High Income	33.7	36.5	−0.2	12.07
Intl. Trust (z)	49.9	54.1	+0.2	1.40
Basic Resources Tst.	49.6	53.8	+0.1	2.30
Incm. Growth Tst.	24.2	26.2	−0.3	8.54
Pref. & Gilt Tst.	18.9	20.5	+0.1	15.56
Smaller Co's Trust	27.9	30.3	−0.1	3.59

Chadlarton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.7	16.9	+0.1	3.82
International	63.7	68.8	+1.2	1.14
High Income	27.7	29.9	−0.1	11.36

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	74.7	78.4	+0.3	3.67

For Cosmopolitan see Chadlarton Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	33.9	36.9	−0.2	12.37
North American	60.5	65.4	+0.2	2.62
Canadian Exempt*	65.9	69.7	−0.7	3.05
Canadian Trust	54.9	59.3	+0.1	3.04
Mid Mount High Inc.*	44.3	46.8	+0.3	10.23
Recovery	51.3	56.0	−0.4	3.90
Gilt Trust	39.1	41.0	−0.3	14.03

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	43.1	46.5	+0.3	0.54
Cres. Internat'l.	90.1	97.3	+0.4	1.54
Cres. High. Dist.	41.9	45.2	−0.4	9.68
Cres. Reserves	51.3	55.4	−0.4	5.42
Cres. Tokyo	40.9	44.1	+0.3	0.28

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.1	24.5	—	8.98

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 4	240.4	256.4	—	5.21

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.7	22.0	—	7.92
Gt. Winchester O'seas	31.7	35.2	—	5.55

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Gwth. Tst. Acc.	53.7	57.7	—	4.54
UK Gwth. Tst. Inc.	53.7	57.7	—	4.54
Higher Inc. Tst. Acc.	53.8	57.8	—	8.25
Higher Inc. Tst. Inc.	53.8	57.8	—	8.25
Gilts/Fxd. Int. Tst. Acc.	49.9	52.5	—	3.74
Gilts/Fxd. Int. Tst. Inc.	49.9	52.5	—	3.74
Nth. America Tst. Acc.	52.6	56.5	—	0.88
Far East Tst. Acc.	49.0	52.6	—	0.60
Equity & Law	93.5	98.4	—	4.65

Fidelity International Management Ltd.
20, Abchurch Lane, London EC4N 7AL. 283 9911

American (z)	39.1	42.1	−0.4	0.22
Amer. Spec. Sits. (z)	28.8	31.0	−0.2	0.81
Gilt & Fixed Int.	22.6	23.3	−0.1	14.55
Growth & Income	32.9	35.4	−0.2	7.16
Japan Trust (z)	24.9	26.8	+0.2	—
Max. Inc. Eq. Tst.	28.2	30.4	−0.1	9.86
Special Sits.	37.5	41.0	+0.1	0.88

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	38.8	41.7	—	1.48
Accum. Units	48.4	52.0	—	1.48
J. Finlay High Income	35.7	38.4	—	9.35
Finlay Wld. Energy	17.2	18.5	—	1.61
Accum. Units	22.3	24.0	—	1.61
J. Finlay Fd. In. Tst.	38.8	41.7	—	5.79
Accum. Units	51.3	55.1	—	5.99

Prices on Dec. 2. Next dealing Dec. 9.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	91.4	97.6	+0.2	0.71
(Accum. Units)	91.4	97.6	+0.2	0.71
Am. T'around	81.2	86.8	−0.6	1.75
(Accum. Units)	81.2	86.8	−0.6	1.75
Capital Tst.	62.6	66.6	—	5.10
(Accum. Units)	67.2	71.8	+0.2	5.10
Convertible & Gilt	47.2	49.6	—	10.34
(Accum. Units)	48.8	50.6	−0.2	10.34
Extra Income Trust	51.2	54.6	—	9.56
Income Tst.	42.4	45.2	−0.2	7.52
Int. Growth Fd.	72.0	77.0	−0.2	1.10
(Accum. Units)	78.0	83.4	−0.2	1.10

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	72.2	78.6	—	6.00

Friends Prov. Trust Managers (a)(b)(c)
Pixham End, Dorking. Tel. 885055

Friends Prov. Units	66.8	71.4	−0.3	4.38
Do. Accum.	99.6	106.5	−0.4	4.38

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Nov. 26	150.0	152.9	—	4.67
Gross Inc. Nov. 26	79.5	82.1	—	12.18
High Yield Nov. 26	88.4	94.4	—	11.31

*Unauth. Restricted to monies under Court control.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99⅞	95⅞	Treas. 8½pc '80-82‡‡	99⅞	.....	8.56	14.26
97⅞	91⅞	Treasury 3pc '82‡‡	97⅞	.....	3.06	14.35
107	99¼	Treasury 14pc '82‡‡	99½	-1/16	14.00	14.49
99⅞	98⅞	Treas. Variable '82§§	99⅞xd	-1/16	13.90	15.16
96⅞	93⅞	Treasury 8¼pc '82	96⅞xd	.....	8.51	14.20
96⅞	93⅞	Exch. 9¼pc 1982	96⅛	-1/16	9.62	14.51
95⅝	92⅞	Exch. 8¾pc 1983	95⅝xd	-⅛	9.17	13.58
92¼	84⅞	Exch. 3pc 1983	90⅛	-⅛	3.32	12.01
99½	95	Treasury 12pc 1983‡‡	97¼	-⅛	12.33	14.39
99⅝	96¼	Treas. Variable '83§§	99⅛	.....	14.35	14.72
94½	90⅛	Treasury 9½pc '83	94¼	-¼	9.81	13.30
101⅞	95¾	Exch. 13½pc '83	98⅝	-⅛	13.68	14.31
94⅛	89¼	Exch. 10pc 1983	93⅝xd	-⅛	10.68	13.74
88⅛	83½	Funding 5½pc '82-84‡‡	86⅝	-⅛	6.35	12.94
96¼	90	Exch. 11¼pc 1984	93⅝	-¼	12.01	14.66
103⅞	95¼	Exchequer 14pc 1984	98⅝	-⅛	14.19	14.70
82⅞	77	Exch. 3pc 1984	81xd	-⅛	3.70	11.94
98⅛	90½	Treasury 12pc 1984	93½	-⅛	12.83	14.88
107¼	95⅞	Treasury 15pc 1985	99⅛	-⅛	15.13	15.28
98⅞	88¼	Exch. 12pc Cnv. '85	91⅜	-⅛	13.13	15.42
76	71	Treasury 3pc 1985	73⅝	-¼	4.07	12.68
96⅞	85¼	Treasury 11½pc 1985	88½	-⅛	12.99	15.79
98⅞	87⅝	Exch. 12¼pc 1985	91¼	-⅛	13.42	15.26
97⅛	84¼	Exch. 11¾pc '86	88⅝	-⅛	13.29	15.56
70⅞	65⅝	Treasury 3pc 1986	69¼	-⅛	4.33	12.17
97⅞	84½	Treasury 12pc '86	89¼xd	-¼	13.44	15.41
88⅞	78½	Treasury 8¼pc '84-86‡‡	82½xd	-⅛	10.35	13.94

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

CANADIANS—Continued

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
62	36	Harvey & Thompson 2p	42	......	1.4	—	4.8	—
29	18	Hawkins & Tipson	21	+½	1.0	1.7	6.8	12.7
13	5¼	Hawtin 5p	5¾	−¼	0.25	—	6.2	—
69	53	Hay (Norman) 10p	53	......	3.1	0.9	8.4	19.5
139	88	Hepworth Cmc.	101	......	5.25	1.4	7.4	12.7
48	22	Hestair	34	......	†1.0	4.3	4.2	6.0
71	40	Hewitt (J.)	47	......	†1.8	5.2	5.5	4.3
50	26	Highgate & Job 50p	36	−1	—	—	—	—
162	40	Hill (Chas.) £1	142	+7	—	—	—	—
37	16	First Nat'son 20p	31	......	♦0.1	—	0.5	—
116	86	Holden (A.)	105xd	......	5.0	2.2	6.8	7.9
47	24	Hollis Bros	26	......	—	—	—	—
77	49	Holt Lloyd Int. 10p	52	......	3.17	1.5	8.7	9.6
163	70	Hoover 'A'	70	......	‡6.0	—	‡	—
133	39	Hoskins & H 20p	107	......	†2.0	—	2.7	—
76	48	Howard Tenens	59	......	‡1.55	0.6	‡	64.9
420	210	Hunting Assoc.	215	......	5.0	5.8	3.3	5.4
160	75	Huntleigh 10p	95	......	†1.5	4.2	2.3	11.5
226	120	Hutch Whamp $HK1	168	−2	†Q34c	2.7	1.9	21.3
15	9	Hyman (I. & J.) 5p	13	......	‡0.83	0.1	‡	—
£20⅛	£12⅞	I.C. Industries$1	£18xd	−⅛	Q$2.20	—	6.4	—
70	25	ICL	48	−1	‡2.97	—	‡	—
44	35	Ingall Inds. 10p	38½	......	2.5	2.3	9.3	11.6
251	180	Initial Services	243	......	†9.0	2.3	5.4	11.1
23	9	Inter-City 20p	21½	+½	—	—	—	—
102	39	J. B. Holdings 10p	102	......	†3.0	4.9	4.2	6.6
192	130	Jacksons Bourne	163	......	5.0	1.4	4.4	24.1
27	12	James (M.) Ind. 10p	22	......	†1.0	3.3	6.6	5.1
248	118	Jardine M. $HK5	168	−1	†Q88c	2.0	4.8	10.5
25½	15	Jentique	22	−½	1.3	0.1	8.4	—
257	152	Johnson Clnrs.	214	−1	†7.0	3.4	4.7	7.0
*300	186	Johnson Mthy. £1	273xd	−2	9.5	2.3	5.0	(8.1)
92	57	Jourdan (T.) 10p	69	......	5.25	1.8	10.9	7.2
81	37	Kalamazoo 10p	38	......	2.5	0.9	9.4	17.6
170	132	Kelsey Inds.	132	......	♦8.0	4.7	8.7	3.5
148	112	Kennedy Sm. 10p	138	+4	4.38	3.2	4.5	9.8
330	225	Kershaw (A.) 5p	240	−5	21.75	0.6	12.9	(22)
75	47	Kleen-E-Ze Hldgs.	49	......	5.5	0.7	16.3	(13.9)
75	55	L.C.P. Hlds.	57	......	4.3	0.8	10.8	(17.0)
48½	37	L.R.C. Int. 10p	43	−1	2.5	1.6	8.3	9.7
56	32½	Lawtex	51	......	1.5	—	4.2	—
178	116	Lead Inds. 50p	165	−1	9.66	1.4	8.4	11.1
80	55	Leadenhall Sterling	65	......	3.5	1.5	7.7	10.8
330	275	Lep Group 10p	280	......	16.5	2.1	8.5	6.4
28	13	Lesney Prods. 5p	18	+1	—	—	—	—
148	73	Letraset 10p	145	......	♦7.14	b1.3	7.0	(14.0)
45	30	Lilleshall 10p	35	......	3.5	—	14.3	—
41	25	Lon. & Liv. 10p	40xd	−1	†1.7	3.3	6.1	5.9
128	95	London & Mid'd.	98xd	......	7.75	1.1	11.3	(11.6)
49½	29	Lon. & Nthn. Grp.	38	−1	3.75	2.5	14.1	3.3
30	23	♦Lon. Priv. Health	26	......	—	—	—	—
9	5½	Long Humbly. 10p	9	......	—	—	—	—
68	38	Longton Inds.	48	......	1.0	—	3.6	—
47	28	Lonsdale Universl.	32	......	‡1.85	2.9	‡	5.5
212	148	Low & Bonar 50p	149	+1	14.5	1.6	13.9	(5.9)
49	27	M.Y. Dart. 10p	28½	......	2.9	1.8	14.5	(4.6)
168	102	M'c'rthy Ph. 20p	110	......	7.0	3.8	9.1	4.7
78	70	Macfarlane Gp.	70	......	3.7	1.9	7.6	8.7
39	15	Maclellan 20p	30	......	1.43	1.7	6.8	(8.7)
77	56	Macpherson (D.)	64	......	♦4.2	0.8	9.4	18.6
60	50	Magnolia Group	55	......	2.1	4.5	5.5	4.4

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
£20⅛	£12⅝	Marsh McLen's $1	£18⅞	+⅛	Q$2.00	—	5.8	—
156	84	Minet Hldgs. 20p	131	−1	†4.55	1.9	5.0	14.9
21	21	Moran (Chris) 20p	21#	......	—	—	—	36.3
472	366	Pearl 5p	418	......	†20.0	—	6.8	—
320	236	Phoenix	248	−4	†14.9	—	8.6	—
342	286	Provident	335	......	♦11.4	—	4.9	—
257	206	Prudential	230	−3	†11.0	—	6.8	—
274	194	Refuge 5p	234	−2	†12.3	—	7.5	—
*425	332	Royal	350	−8	†24.0	—	9.8	—
159	104	Sedgwick 10p	141	−2	†5.0	2.0	5.1	13.9
102	79	Stenhouse	92	......	4.65	1.9	7.2	9.1
241	180	Stewart Wr 20p	218	−4	12.0	1.3	7.9	12.7
£10⅞	688	Sun Alliance £1	860	−10	†33.0	—	5.5	—
345	233	Sun Life 5p	316	−2	φ9.0	—	4.1	—
772	543	Taisho Mar. EDR	758	+4	φQ10%	—	0.2	—
208	170	Trade Indemnity	178	+8	†6.34	—	5.1	—
£27½	£15⅞	Travelers $2.50	£24¼	−¼	Q$2.88	—	6.2	—
403	257	Willis Faber	365	−2	†12.0	2.2	4.7	13.7

LEISURE

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
63½	56	A-R TV Pref. £1	57	......	5.95	♦	14.9	—
97	72	Anglia TV 'A'	93	......	†5.0	4.6	7.7	3.3
148	75	Assoc. Leisure 5p	82	−1	5.25	1.6	9.4	8.6
84½	48	Barr & W.A.T. 'A'	53	......	‡3.0	—	‡	—
65	30	Black Edgtn. 50p	48	+2	1.0	—	3.0	—
192	121	Boosey & Hawkes	131	......	5.67	—	6.2	—
56	32	Campari Int. 20p	43	......	3.1	1.6	10.3	(7.4)
60	32	Fairline Boats 10p	33	......	d1.0	—	4.4	—
58	29	Glasgow Pavilion 10p	48	......	—	—	—	—
46	32	Grampian TV A 10p	34xd	......	2.75	2.4	11.6	5.1
103	74	HTV Non/Vtg.	100	......	10.0	1.8	14.3	5.4
104	41	Hawley Group	64	−2	♦t2.67	2.9	6.0	(8.3)

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 40

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FINANCIAL TIMES

Wednesday December 9 1981

Metro Cammell wins £70m exports

By Arthur Smith, Midlands Correspondent

METRO-CAMMELL, the Birmingham-based supplier of railway cars and one of the UK's most successful exporters, announced overseas contracts worth £70m yesterday.

The company warned, however, that it was extremely difficult for engineering companies to survive on exports alone. A solid home base was essential to compete in international markets.

Mr Donald Whitehouse, Metro-Cammell's general manager, said: "We are not a lame duck. We can compete with and beat the Japanese on their own doorstep. But we must have the opportunity to sell in home markets."

The company, which already exports 70 per cent of its output, would be almost totally dependent on exports by next October, he said.

The contracts would not allow the company to expand its 1,500 workforce in Birmingham. "It puts back the day when we have to get rid of people," Mr Whitehouse said.

Metro-Cammell has won a contract worth more than £50m to supply cars for the Hong Kong Mass Transit Railway.

Another successful British bid came with the placing of the contract for construction of a sea wall with a joint venture company involving Marples Ridgeway.

The orders form part of the first £166m worth of contracts placed by the Mass Transit Railway Corporation for the £657m project for a 12½ kilometre extension to the Hong Kong underground system. Other construction orders went to Maeda Construtcion and Kumagai Gumi of Japan.

Metro-Cammell has also won an order approaching £20m to supply 48 cars for the Kowloon-Canton Railway in Hong Kong.

The Birmingham company has doubled employment since 1976 when it concentrated efforts on overseas markets for mass transit railway systems. Railcars worth £210m, have already been supplied or are under contract to Hong Kong.

Metro-Cammell's San Fransico bid, Page 5.

Milder Bill planned to curb council rate rises

BY ROBIN PAULEY

THE Government's attempts to rescue its controversial Bill aimed at limiting council rate rises have collapsed. A new milder Bill, with the same objectives will be introduced in the Commons as soon as possible.

It is expected that the new Bill will not impose any ceiling on the main rate call but it is likely to introduce a differential into the main rate in an attempt to protect the non-domestic ratepayer.

The new Bill will make no reference to forcing high-spending councils to hold referendums before they can levy a suplementary rate. Nor will it propose fresh local elections as an alternative measure. The majority of the Cabinet has accepted Mrs Thatcher's view that this would open the electoral door to the Social Democrats, particularly on the Greater London Council.

The first Bill, which was to have limited councils' ability to raise rates beyond a centrally prescribed level, has given the Cabinet more trouble than almost any other single issue. More than 30 Tory backbenchers indicated they would not support the Bill after its first reading.

The new idea is to force high spending councils to impose a particularly severe penalty on domestic ratepayers or cut spending plans nearer to the Government's assessment of how much should be spent to provide a standard level of services.

Camden Council, for example, is one of the highest overspenders in England but is dependent on non-domestic ratepayers for more than 75 per cent of its total rate income.

The plan would answer the demands of business and commerce which have been urging the Government for more than two years to find a way of protecting the non-domestic sector. Sir Terence Beckett, director general of the CBI, repeated the plea yesterday, saying the £5bn paid by business in rates was now the heaviest tax bill facing companies.

Other, less controversial aspects of the first Bill are expected to survive. They include a provision giving the Secretary of State amended powers to reduce the grant to overspending councils and clauses to establish an Audit Commission which would allocate auditors to councils with effect from 1983.

The delay in deciding on a new Bill arose because the Cabinet has been unable to find an acceptable alternative. Mrs Thatcher was anxious not to withdraw the Bill and start all over again, not least because Mr Heseltine's last piece of local government legislation was also a second attempt. But in the end there was no alternative.

The new Bill faces a race against time because the Government wants it on the statute books in time for next year's rates which have to fixed by March 31.

The Commons rises on December 23 which suggests that if a first and second reading are to be obtained before Christmas, the Bill must arrive in the Commons by this Friday.

Parliamentary sketch, Page 10

Inchcape sells off Toyota interests in £31m cash deal

BY DUNCAN CAMPBELL-SMITH

THE MALAYSIAN operations of Inchcape, the international trading and shipping group, have been reduced by the divestment of the Toyota assembly and distribution business in Malaysia, part of the group's 63.3 per cent owned subsidiary, Inchcape Berhad.

The business has been sold for £31m in cash to Sejati Motors, a new Malaysian company to be 15 per cent owned by Toyota itself but otherwise held by local interests. These include United Motor Works, a publicly traded Malaysian company, and the mapjority shareholder with 52 per cent, and one or more Bumiputra (indigenous Malay) parties not yet named.

The Malaysian Government has approved the ownership structure of Sejati Motors. The deal ends months of uncertainty about the future of Inchcape Berhad's Malaysian interests. Lord Inchcape, the group's chairman, has been in Malaysia over the last few days to talk about the future of the disposed business with its employees.

The new economic policy of the Malaysian Government is intended to increase the Bumiputras' share of the modern Malaysian economy. Talks between Inchcape Berhad and the authorities, aimed at transferring perhaps 30 per cent of the motor assembly and distribution business into local ownership, were suspended early this year amid speculation about a bid from Toyota in Japan.

Inchcape switched to a joint approach with Toyota towards establishing a Malaysian-controlled joint venture. The shares of Inchcape Berhad, which are quoted on the Singapore and Kuala Lumpur Stock Exchanges, have been suspended since Nover 14 pending final agreement on a deal.

Mr H. P. Foxon, Inchcape's group managing director, said yesterday that talks would resume on Inchcape Berhad increasing Bumiputra participation in its activities "either through individuals who can invest capital in new growth or through negotiation with the government directly."

These activities include the general marketing and distribution of consumer goods, manufacturing, packaging and property investment.

TriStar decision will hit R-R plants

By Lynton McLain

ROLLS-ROYCE factories at Derby and in Scotland will suffer job losses as a result of the decision by Lockheed, the U.S. aerospace manufacturer to stop making the TriStar airliner, which is powered by Rolls-Royce RB-211 engines, the British engine maker said last night.

The British company said the effect of the Lockheed decision would be felt "progressively at many R-R factories in Britain."

A total of 20,000 men work on the RB-211 programme at Rolls-Royce factories. In Scotland and Derby new engines for TriStars represent 8 per cent of the turnover of local R-R factories.

Relief

Lockheed announced late on Monday its decision to end production of the TriStar in 1984 after delivery of the last of the 32 airliners now on order. Mr Roy Anderson, the company chairman, said the decision had been made after an intensive marketing effort. Despite this, the "existing backlog of orders is not enough to sustain continued production at an economically justifiable level."

The decision would mean a £208m write-off by Lockheed and the end of civil aircraft production by the company.

Wall Street signalled its relief at Lockheed's decision to drop the TriStar programme and the company's shares rose to their highest level for 12 years in trading yesterday.

In London Rolls-Royce said it would continue to support TriStar customers. Production of spares for the three RB-211 engines used on each of the TriStar 250 seat to 400 seat wide-bodied airliners would continue to provide work for part of the R-R workforce for at least another 20 years the company said.

Difficulties

It was the work on developing the RB-211 turbo-fan engine fo rthe Lockheed TriStar project in the late 1960s and earl y1970s which led to financial difficulties, bankruptcy and eventual nationalisation of Rolls-Royce as well as the brea kup of the company into the aero-engine and motor operations.

The RB-211 is also used on the Boeing 747 jumbo jet and the new Boeing 757 narrow-bodied airliner which is nearing its first flight in the U.S. However, the TriStar has been the biggest single outlet for the engine and the Lockheed programme has provided almost £1.5bn of RB-211 work year to 25 year life of the air-for Rolls-Royce over the 20 craft. This represents 40 per cent of the £3.5bn value of the 1030 RB-211 engines in service or on order around the world.

THE LEX COLUMN

When the tax rolls in

The gilt-edged market's flame of hope is never entirely extinguished: indeed, it was widely expected that the November banking figures might point to a reduction in the money stock. After all, very heavy sales of Government debt had been made—a whole long tap, and then some—while more than £1bn of tax payments held up by the Civil Service strike were being collected. But the preliminary indication shows a half per cent rise in sterling M3, the one they can't keep down.

Clearing bank advances grew by £1.2bn in the month, while the Bank of England—which accounts indirectly for the bulk of new corporate lending through its voracious buying of eligible paper—saw its bill portfolio rise by around £1½bn. Seasonally adjusted bank lending to the private sector seems likely to come out at around £2¼bn, some 25 per cent more than in the previous two months combined.

Much of this is simply the counterpart of the public sector's contractionary influence on money supply. An illiquid—if lightly geared—corporate sector is borrowing to pay its taxes, either on overdraft or through issuing bills which eventually end up in the Bank, so that the tax collection is having very little monetary effect. Equally the result of heavy sales of gilt-edged is a money market shortage which the Bank relieves by buying even more private sector bills.

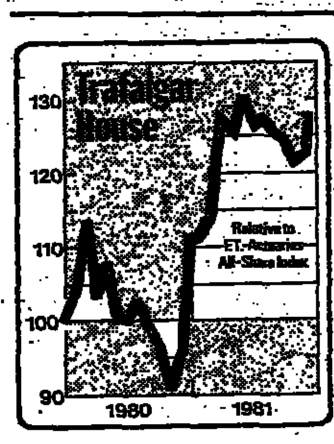
In addition, the clearing banks are still gaining share of the housing market: their lending to the personal sector has risen by 12 per cent in the last three months. These figures are unlikely to make the authorities regret their decision to let interest rates fall only very gently, especially since U.S. rates are no longer pointing clearly downwards. Gilt-edged closed yesterday with losses of up to ¾ point, while the FT 30-Share Index fell 11.8 points.

Trafalgar House

Trafalgar House's profits are an eighth higher at £55m pre-tax, and there is scope for faster growth in 1981-82. Part of this should come from recovery on the shipping side, which made £1.1m before interest in the first half of 1980-1981 (when strikes and "flagging out" costs totalled £3m) and £9.3m in the second. The full impact of sterling's decline and the sale of loss-making fruit carriers will be felt in the current year.

The construction side has made profits of nearly £32m,

Index fell 11.8 to 521.7



and with little exposure to local authority work, the UK order book is surprisingly buoyant. Next comes property (profits of £23.7m) where Trafalgar has been expanding considerably and now has roughly £250m of properties under development. An increasing proportion is being financed by the pension funds, which seem to have an insatiable appetite for these assets. The latest figures take in final profits from the Chiswell Street development, but there seems to be enough momentum behind the development programme to generate higher overall profits this year.

A high level of property sales should also help to reduce finance costs. Trafalgar's year end debt is little changed at around £130m, and the release of deferred tax has helped to boost shareholders' funds to £238m. Trafalgar could finance a sizeable takeover, although it does not seem to be in any great hurry.

The statement makes no mention of plans to hive off the newspapers and magazines into a separate quoted company, but this still seems to be the objective in the coming months provided shareholders and the Inland Revenue agree. That should help the status of the shares, which yield 9 per cent at 101p. The group is not claiming that two and two will make five, but rather that they do not add up to four so long as the newspapers are there.

Bass

After a couple of years in which the brewing industry has been able to counter the effects of falling volume by raising prices, this tactic may be wearing thin. Bass, for one, is talking about limiting future price rises to the rate of inflation. Beer volume for the group has fallen by perhaps 5 per cent in the year to September, yet trading profits from brewing have increased by 5 per cent to £128.7m. At the pre-tax level profits have risen by £19.7m to £133.2m, but with Coral's maiden contribution amounting to perhaps £11m, the underlying improvement comes out at about 7 per cent.

National ales have continued to lose volume through the year, with some relief afforded by a healthier trend in regional beers and lager. The former Coral businesses seem to be holding up, although London hotels have been hard hit and the betting shops have been feeling the pinch in the last couple of months.

Strong cash generation means that capital gearing has been rebulit to the level before the Coral takeover and the group is looking around for new acquisitions. Meanwhile, the Coral businesses are taking a healthy share of the increased capital expenditure and the benefits should be coming through here. But with brewing output down 15 per cent in October, the industry is moving into uncharted territory, as one of the more efficient producers, Bass has less fat to cut than some of its rivals. The doubts are reflected in a yield of 6.7 per cent, after the shares fell 3p yesterday to 209p.

Cable and Wireless

Cable and Wireless shares have been trading in a narrow range since last month's launch and yesterday's interim figures provided the faint-hearted with an opportunity to back out. The shares slipped 4p to 198p even though profits before tax rose 67 per cent to £45.6m in the six months to September.

Currencies and the sale proceeds from the majority stake in the Bahrain franchise have added some gloss to the figures but the underlying traffic growth is impressive and trading margins have been widened slightly. Interest receivable will shoot up again in the current half, as Cable puts the £35m received from the Government to work. The company has now lost 20 per cent of its Hong Kong franchise but the effect will be outweighed by interest on the £60m it received for the stake.

Losses in the Yemen have been trimmed and the U.S. is starting to make a small contribution, so Cable should beat its £84m full-year forecast by a very comfortable margin. A figure of about £95m could leave yesterday's sellers ruing their decision.

EEC meeting fails to agree on textiles

By Giles Merritt in Brussels

EEC TRADE Ministers meeting failed in Brussels yesterday to agree on figures setting a global limit on textile imports by the Community.

As a result, the January 1 deadline for renewal of the Multi Fibre Arrangement (MFA) governing world textile trade is expected to elapse without agreement on a fresh protocol.

It is also likely that European Commission officials, who must negotiate the 1982-86 MFA with third world exporters in Geneva talks which opened on November 18, will return to the table with less room for manoeuvre than before yesterday's meeting.

The EEC Ministers' expected decision on global ceiling figures was needed to underpin the more general negotiating mandate granted to the commission on November 17. That mandate also emerged only after lengthy wrangling.

Officials noted yesterday that the deadlock between the EEC and textile exporters in Geneva is also likely to be hardened by some of the Ten's restrictive attitude.

Lombard, Page 17

Greece rejects Nato plan

BY BRIDGET BLOOM IN BRUSSELS

THE PLAN under which Greece returned a year ago to full military membership of the Nato alliance is "politically and militarily unacceptable to the new Greek Government," Dr Andreas Papandreou, the Greek Prime Minister, said here last night.

Part of the plan had been suspended and Greece was beginning "a process of disengagement" from those aspects of it which were considered inimical to Greek security, he added.

Dr Papandreou, who is also his country's Defence Minister, told journalists that Ministers meeting in the Nato Defence Planning Committee here had been told of the Greek position at their session yesterday morning.

He said he had also told the Ministers that Greece wanted a guarantee from Nato of tis frontiers with Turkey, which, while formally an ally, posed a threat to Greece's "territorial integrity."

It was "essential and mandatory for the Alliance to undertake a guarantee of the frontiers of Greece from an eastern direction," the Prime Minister said.

This would be seen as replacing a U.S. guarantee given in an exchange of letters between, Washington and Athens in 1976 which has not been reconfirmed by the present U.S. Administration.

Dr Papandreou's specific concerns are believed to have been spelt out in detail when he met Mr Caspar Weinberger, the U.S. Defence Secretary, on Monday night.

Greece would like to renegotiate the so-called Rogers Plan, under which Greece returned to the military wing of Nato a year ago. It left following the 1974 invasion of Cyprus by Turkey.

Dr Papandreou has said that Greece wants to exercise full control over the Aegean, but Turkey yesterday came out against any extension either of Greece's present air control rights or territorial waters.

Dr Pandandreou also expressed concern that military aid should continue to be distribnuted on an agreed basis between Greece and Turkey—though not necessarily on the present ratio of seven to 10.

Much of yesterday's meeting was dominated by the affairs of Greece and Turkey.

Diplomats said Dr Papandreou did not mention the issue of Spain's membership of Nato nor the possible creation of a nuclear-free zone in the Balkans.

He did, however, agree to a joint communique put out yesterday morning by the European members of the alliance which welcomed "the initiative" of Spain in applying for Nato membership.

These issues could re-emerge at tomorrow's Nato Council meeting when the Foreign Ministers are expected to sign the protocol formally signalling acceptance of Spain as the alliance's 16th member.

Weather

UK TODAY

SUNNY intervals and snow showers in all areas. Cold. Max. 2-4C (36F-39F).

Outlook. Sunny intervals and wintry showers in most parts. Widespread night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	17	63	Locarno	F	4	39
Algiers	F	17	63	London	Sn	0	32
Amsdm.	Sl	2	36	L. Ang.†	Fg	11	52
Athens	S	19	66	Luxmbg.	R	5	41
Bahrain	S	23	73	Luxor	S	25	77
Barclna.	S	15	59	Madrid	F	8	46
Beirut	S	20	68	Majorca	F	16	61
Belfast	F	0	32	Malaga	F	18	64
Belgrd.	C	11	52	Malta	C	17	63
Berlin	C	−1	30	M'chstr.	F	0	32
Biarritz	C	14	57	Melbne.	C	18	64
Bmghm.	C	−1	30	Mx. C.†		—	—
Blackpl.	F	1	34	Miami†	F	14	57
Bordx	R	12	54	Milan	Fg	−1	30
Boulgn.	R	6	43	Montrl †		—	—
Bristol	F	1	34	Moscow	Sn	0	32
Brussels	R	6	43	Munich	C	6	43
Budpst.	F	5	41	Nairobi	F	25	77
Cairo	S	22	72	Naples	C	16	61
Cardiff	C	1	34	Nwcstl	S	−1	30
Cas'b'ca	C	18	64	N York†	C	6	43
Chicg.†	C	2	36	Nice	S	15	59
Cologne	R	4	39	Nicosia	S	19	66
Conhgn.	S	−4	25	Oporto	R	14	57
Corfu	C	16	61	Oslo	C	−8	18
Denver†	F	1	34	Paris	R	9	48
Dublin	F	−1	30	Prague	Sl	3	37
Dbrvnk.	C	14	57	Rykjvk.	Sn	−11	12
Edinbgh.	S	−1	30	Rhodes	C	19	66
Faro	C	16	61	Rio J'o†		—	—
Florence	C	15	59	Rome	F	15	59
Frankft.	R	7	45	Salzbrg.	C	4	39
Funchal	C	18	64	S F'cisc†	C	12	54
Geneva	R	8	46	S'tiago†		—	—
Gibraltar	C	17	63	Stckhm.	C	−3	27
Glasgow	S	1	34	Strasbg.	R	8	46
G'rnsey	F	8	46	Sydney	C	27	81
Helsinki	C	−1	30	Tangier	C	15	59
H. Kong	C	18	64	Tenerife	C	21	70
Innsbrk.	F	3	37	Tokyo	S	11	52
Invrnss.	F	0	32	T'ronto†	R	2	36
I.o Man	C	2	36	Tunis	F	17	63
Istanbul	S	15	59	Valencia	S	15	59
Jersey	C	9	48	Venice	F	4	39
Jo'burg	F	23	73	Vienna	C	7	45
L. Plms.	F	20	68	Warsaw	C	0	32
Lisbon	C	13	55	Zurich	C	7	45

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. † Noon GMT temperatures.

Scargill wins

Continued from Page 1

to strike. It was his successor, Mr Scargill, who moved that the July conference decision to call a delegate conference now be implemented.

The recalled conference is expected to take place before Christmas. But the timetable will be decided by the national executive at its regular monthly meeting tomorrow.

Mr Scargill, 43, will be the union's youngest president. Unless union retirement rules are changed, he will serve until the year 2004, twice as long as Mr Gormley, a moderate.

Mr Scargill's election, by the biggest majority ever for a national NUM official, comes when the right-wing majority on the executive is fast fading. It could also increase the influence of Mr Michael McGahey, the 56-year-old Communist vice-president, who masterminded the left's campaign on Mr Scargill's behalf.

Capturing 138,803 out of 197,299 votes Mr Scargill routed his moderate challengers Mr Trevor Bell, secretary of the white-collar COSA, Mr Ray Chadburn, Notts area president, and Mr Bernard Donaghy, North-west area president.

An election in Yorkshire for the area presidency to be vacated by Mr Scargill is expected to be called early next year. Favourite is Mr Jack Taylor, vice-president.

Mr Bell forecast union disintegration if Mr Scargill's declared aim of securing a rule change to give proportional representation on the executive—which would favour the left—were carried.

Mr Scargill said he was delighted with the result. He said he would not renege on his policies or "prostitute my principles" once elected.

"I hope I shall be able to unite the membership and that all the factions within the union will be able to unite," he said.

Mr Gormley who has long accepted the inevitability of Mr Scargill's victory said it was a marvellous result. He added: "I think it's better to have a clear cut result than a cliff-hanger; it gives confidence to the new man to come in with such a majority."

One outstanding question is who will be chosen to succeed Sir Derek Ezra as coal board chairman when he retires in July.

Mr Jim Mortimer

IN LATER editions of the Financial Times dated December 8 we carried a report that at the meeting of the Richmond Constituency Labour Party, Mr Jim Mortimer, a candidate for the general secretaryship of the Labour Party, led an attack on Mr Foot for his actions in relation to the Bermondsey Labour Party and Mr Peter Tatchell. The report was wrong.

A motion criticising Mr Foot was passed at a ward meeting in Richmond on Thursday, December 3. Mr Mortimer was not present at that meeting and was unaware of that motion and its terms until a meeting of the general management committee on December 7.

He did not move the motion nor second it. It was taken in the closing minutes of the December 7 meeting and Mr Mortimer was one of several members who urged that the standing orders should be suspended to enable the discussion to continue. An opponent of the motion then spoke and a vote was taken.

The Financial Times regrets any embarrassment caused by the report.

Interest rates

Continued from Page 1

Renewed unease about U.S. monetary prospects, reflected in a rise of up to ¾ points in Eurodollar deposit rates yesterday, has been sparked off by forecasts of a $100bn-plus Federal deficit in the U.S. in this fiscal year.

Sterling M3 was affected by two opposing influences last month. The central government moved into substantial cash surplus, reflecting inflows of about £1.25bn in taxes previously held up by the civil servants' action. This dampening effect on the money supply was offset, however, by heavy borrowing by companies from the banks to finance the tax payments.

The London clearing banks in their monthly statement said their advances to the private sector rose by an underlying £1.75bn last month.

After adding a big increase in acceptance credits, reflected by the large build-up of bill-holdings by the Bank last month, total private-sector borrowing last month may have totalled £2.5bn after seasonal adjustment, more than twice the average of the previous three months.

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